



# Comprehensive Annual Financial Report

## FOR THE YEAR ENDED JUNE 30, 2020

The Medical University of South Carolina  
Charleston, South Carolina

A component unit of the State of South Carolina



Changing what's possible

This Comprehensive Annual Financial Report is also available from the  
The Medical University of South Carolina website:

<https://web.musc.edu/about/leadership/institutional-offices/finance/financial-information>

Adobe Acrobat reader is required to read the pdf file.

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Cover: Shawn Jenkins Children's Hospital and Pearl Tourville Women's Pavilion  
Photo by MUSC Communications and Marketing



Changing What's Possible

**Charleston, South Carolina**

# **Comprehensive Annual Financial Report**

A component unit of the State of South Carolina

**For the Year Ended June 30, 2020**

**Prepared by the Controller's Office**



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# **Introductory Section**



## PRESIDENT'S LETTER

Office of the President  
Colcock Hall  
179 Ashley Ave.  
MSC 001  
Charleston, SC 29425



October 5, 2020

Dear Friends:

It is a pleasure to present you with this summary financial report for the past fiscal year at the Medical University of South Carolina. It's been a milestone year for us, advancing innovation, demonstrating our impact at the local, state and national levels and leveraging our influence to bring about positive transformation and growth in health care delivery, research and education. And that was all before COVID-19 showed up. Since the virus's global debut, our teams have kept our positive momentum going while simultaneously accomplishing major feats in monitoring and responding to COVID-19.

Access and availability to high quality care services remain key elements to serving our state. This year we saw the fruition of numerous aspects of our overarching clinical strategy and integration of new facilities into our MUSC Health system. The MUSC Regional Health Network (Florence, Lancaster, Chester and Marion hospitals), the opening of the state-of-the-art MUSC Shawn Jenkins Children's Hospital and Pearl Tourville Women's Pavilion, the opening of the MUSC Health West Ashley Medical Pavilion, the opening of a new centralized sterile processing facility and new statewide affiliations and clinical partnerships (Doctors Care, Greenwood Genetics Center, Hampton Regional Medical Center) have, simply stated, further enhanced our ability to deliver the right care, in the right place and at the right time. This clinical strategy also serves the research and educational aspects of our mission by creating crucial new opportunities for faculty, students and staff throughout the state.

This year we created new faculty incentives to develop and implement innovations in teaching and learning that introduce advanced technologies into program curricula, with the goal of enhancing learning outcomes in areas such as 3D printing, virtual reality anatomy and robotics. We're actively building on our scholarship momentum (more than \$6 million distributed in FY20), as well as generating new strategies and tactics to decrease student debt. Our research mission continues to build strength upon strength in multiple areas and disciplines, in many cases creating a significant and unique combined capability that positions us among and in some cases beyond other national leaders in biomedical and life sciences research. We anticipate another record-level year of research funding, thus maintaining our position as the state's leader in biomedical research.

As the pandemic began in March, MUSC had many tools and relationships already in place to meet it head on. Our leadership as a National Center for Telehealth Excellence and the state's continued support of telehealth, our comprehensive integration of clinical trials across the enterprise, mature and creative emergency response teams, integration of new facilities and increased inpatient capacity all positioned us well to meet unprecedented COVID-19 demands. The incredible amount of teamwork, commitment and innovative thinking required by every team member in the past eight months is remarkable and noteworthy.

Likewise, our educational teams shifted (almost overnight) more than 3,000 students to online education and worked to ensure that critical in-person learning was achieved safely. The collective brain power of our research and clinical laboratories enabled us to make significant strides in providing access to COVID-19 testing for inpatients, outpatients and at-risk communities throughout South Carolina, often supporting other health systems in their testing efforts. As a result of our leadership in this area, the state legislature provided MUSC with millions of dollars to increase COVID-19 testing for at-risk communities. I am very proud of the fact that MUSC has been able to simultaneously respond to the ongoing COVID-19 public health challenge, continue to deliver excellent patient care, maintain an excellent and safe educational environment, and accomplish a stable financial bottom line.

MUSC's strength has always been found in the quality and commitment of its faculty, staff and students, and the past eight months have provided the opportunity for us to demonstrate why we are THE academic health center for the state of South Carolina. We continue to embrace a culture of compassion, respect, innovation, collaboration and integrity during these challenging times, and face the future with great pride in our accomplishments and unwavering commitment to serve the millions of individuals, families, businesses and communities who depend on us.

Yours in service,

A handwritten signature in black ink, appearing to read "David J. Cole". The signature is fluid and cursive, with a large, stylized "D" and "C".

David J. Cole, MD, FACS  
President, MUSC

## **TRANSMITTAL LETTER**

Office of the Executive Vice President  
Finance and Operations  
104 Colcock Hall  
179 Ashley Avenue  
MSC 003  
Charleston, SC 29425

October 5, 2020

President David J. Cole, MD, FACS  
Members of the Board of Trustees  
Charleston, South Carolina

We are pleased to present the Comprehensive Annual Financial Report for The Medical University of South Carolina (the University) for the fiscal year ended June 30, 2020.

The Comprehensive Annual Financial Report includes the audited financial statements for the year ended June 30, 2020, and other information relating to the finances of the University. The financial statements have been audited by KPMG LLP, a firm of licensed certified public accountants; however, responsibility for the accuracy of the information and for the completeness and reliability of its presentation rests with the management of the University. We believe this information is accurate in all material respects and fairly presents the University's financial position.

Management has established a comprehensive internal control framework designed to safeguard the assets of the University and its component units, to provide reliable accounting data and to ensure that organizational objectives are met. Policies and procedures have been established and made available throughout the organization to promote efficiency and compliance with established laws and regulations at the University, state and federal levels. As a recipient of federal financial awards, the University is responsible for ensuring compliance with all applicable laws and regulations related to these awards. Therefore, an annual single audit is performed in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Uniform Guidance.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. The University has designed into the process safeguards to reduce, though not eliminate, this risk.

Generally accepted accounting principles (GAAP) require that management provide a narrative overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A, which provides an overview and analysis of currently known facts and activities.

### ***Profile of the University***

The Medical University of South Carolina (the University) is a part of the primary government of the State of South Carolina and is included as a discretely presented component unit in the State's Comprehensive Annual Financial Report.

The University, located in Charleston, South Carolina, was created by an act of the General Assembly in 1824 as the "Medical College of South Carolina." Historically, it is recognized as the first medical college in the South. The University is governed by a sixteen-member Board of Trustees consisting of the Governor or his designee (ex officio), fourteen members elected by the General Assembly, and two members appointed by the Governor. As determined by the Board, the University's purpose is to preserve and optimize human life for the citizens of South Carolina and the nation through education of health care professionals and biomedical scientists, research in the health sciences, and provision of comprehensive health care.

The financial reporting entity consists of the University (the primary government), and seven separate legal entities, which are considered component units of the University. The seven component units consist of:

- One blended major fund entity, the University Medical Associates of the Medical University of South Carolina (UMA);
- Two blended non-major fund entities, CHS Development Company (CHS) and the Medical University Facilities Corporation (MUFC);
- One major discretely presented entity, the Medical University Hospital Authority (the Authority), and
- Three non-major discretely presented entities, the MUSC Foundation (MUSCF), the MUSC Foundation for Research Development (MFRD), and MUSC Strategic Ventures (MSV).

Further information on the reporting entity is contained in Note 1 in the notes to the financial statements.



The South Carolina Department of Administration requires the University to submit an annual balanced budget. The University and its component units also prepare annual budgets for presentation to the Board of Trustees. Budgetary controls are incorporated into both the University's accounting system and the State's financial management system. Periodic financial reports comparing actual results with budgeted amounts are provided at both the University and the State level.

The University contracted with KPMG LLP, a firm of licensed certified public accountants, to perform the annual audit of the Medical University of South Carolina's financial statements and the audit of the University's federal financial assistance programs. The goal of the independent financial audit is to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2020 are free of material misstatement. Based on the audit, the independent auditor has rendered an unmodified opinion that the Medical University of South Carolina's financial statements for the year ended June 30, 2020 are fairly presented in conformity with U.S. generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report. Information on the Single Audit of federal financial assistance programs is included in a separately issued Single Audit Report.

Additionally, the University's Internal Audit department performs fiscal, compliance and performance audits throughout the year. The reports resulting from these audits are shared with the University's management and the Board of Trustees.

### ***Factors Affecting Financial Condition***

The University employs approximately 5,500 faculty and staff and, when combined with the Medical University Hospital Authority and University Medical Associates, the university system, with more than 17,000 employees, is one of the largest employers in the State system and a major employer in the Charleston Tri-County area. The size of the University's student body is relatively stable, with fiscal year 2020 enrollment of more than 3,000 full- and part-time students in six colleges and more than 800 graduate health professional residents.

### ***Local Economy***

Economic factors on both the national and state levels impact the environment in which the University operates. The Coronavirus emerged as a dangerous public health crisis in March 2020, and the damage grew as many lives were being lost to the disease. Businesses closed, producing many layoffs. The impact of this on the statewide economy was severe and almost immediate, resulting in significant erosions in state tax revenues. The year-over-year final growth rate in individual income taxes for FY 2020 was only 7.0% compared to the higher rate of 7.8% that existed through February 2020, the month before COVID-19 hit the state. Likewise, the FY 2020 year-over-year growth rate in sales taxes was only 3.1% compared to the higher rate of 8.3% that existed through February 2020. While the growth rate for the total of all general fund revenue sources through February had been 8.5%, that rate was cut in half by year end. South Carolina's unemployment rate at the end of June 2020 was 8.7 percent, which was 2.4 percent below the national average of 11.1 percent.

State tax revenues grew robustly during the first eight months of FY 2020. The State finished the year with a surplus of \$672 million plus a balance of \$103 million in its Contingency Reserve. Despite stable economic conditions, the State has continuing challenges with funding retirement benefit obligations to public employees.

### ***Long-term Financial Planning***

COVID-19 triggered the deepest global recession in decades. While the ultimate outcome is still uncertain, the pandemic will result in contractions across the vast majority of emerging market and developing economies. There is extreme uncertainty around the global growth forecast, but MUSC took proactive steps to allocate funds conservatively and reduce spending. Below are just a few highlights from the University's fiscal year 2020 operating budget:

- The University received \$100 million in student tuition and fees.
- The University's extramural research funding awarded was just over \$271 million.
- The University ended the fiscal year with a total of \$88 million in new gifts and pledges.

As we look to the future, MUSC will work together to collectively refine the missions – education, research, and clinical care – and the many issues, challenges, and opportunities that fall within each of these areas. For education, MUSC will determine how to provide the highest quality of education to the students, while keeping tuition as low as possible. For the research mission, MUSC plans to foster partnerships outside of academia and has invested in the Foundation for Research Development and the Center of Innovation and Entrepreneurship. MUSC will continue to recruit SmartState chairs and grow its research profile and national ranking, despite the competitive research funding environment. With respect to the clinical mission, MUHA received \$59 million in State support for disproportionate share, telemedicine, statewide health innovations, a pediatric burn unit, and funds to develop and deploy a statewide COVID-19 testing plan (the focus of the plan was on rural and underserved areas of the State). MUSC will continue to provide the very highest quality of patient care in the midst of health care reform and reductions in Medicaid reimbursements.

### ***Major Initiatives***

The University's pursuit of excellence in education, research, and patient care has played an integral part in the many achievements of its faculty and staff. The University recognizes its obligations to the citizens of South Carolina and is committed to responding to their need for the highest quality education, improved health care delivery, and increased research endeavors.

To address these needs, the University is focused on the integration of its education, research, and clinical care activities to prepare a healthcare workforce with emphasis on inter-professional education and teamwork.

As the clinical health system of the Medical University of South Carolina, MUSC Health is dedicated to delivering the highest quality patient care available, while training generations of competent, compassionate health care providers to serve the people of South Carolina and beyond. Comprising some 1,600 beds, more than 100 outreach sites, the MUSC College of Medicine, the physicians' practice plan, and nearly 275 telehealth locations, MUSC Health owns and operates eight hospitals situated in Charleston, Chester, Florence, Lancaster and Marion counties.

The University continues to recruit outstanding faculty and to expand its educational and research facilities. Drawing on the varied skills, abilities and knowledge in an integrated team approach across all education, research and clinical care activities has resulted in outstanding achievements. Despite the hurdles posed by COVID-19, MUSC achievements during the 2020 fiscal year were as follows:

- The MUSC Shawn Jenkins Children's Hospital and Pearl Tourville Women's Pavilion opened in February.
- MUSC became the only institution in the country to house both a Digestive Disease Research Core Center and a Center for Biomedical Research Excellence in Digestive and Liver Disease.
- MUSC Health West Ashley Medical Pavilion opened as scheduled in December and served 10,418 patients in the first month, with 214 operative procedures.
- The South Carolina Clinical & Translational Research Institute, one of about 60 Clinical and Translational Science Award hubs nationwide, was awarded a \$24M five-year renewal.
- Safely held a series of virtual graduation celebrations, including a drive-through diploma pick-up event for its 660 graduates.
- Transitioned more than 3,000 students to online education in response to the novel coronavirus within 24 hours' notice.
- MUSC was first in the nation to combine drive-through testing with a virtual screening platform for potential COVID-19 patients.
- MUSC and Clemson collaborated to launch the Healthy Me – Healthy SC program to increase health access and fight health disparities statewide. The program began expanding in early 2020 after successful pilots in Anderson, Barnwell and Williamsburg counties.
- MUSC, Clemson and Siemens Healthineers co-hosted a summit in Columbia about artificial intelligence (AI) to bring together faculty, clinicians and engineers. They shared information about current work, new opportunities and discussed the future of AI in healthcare. The pilot effort funded three joint AI projects with Clemson.
- U.S. News & World Report named MUSC the state's best hospital for the fifth consecutive year.
- The inaugural 2019 Lowvelo Bike Ride for Cancer Research engaged more than 709 cyclists and 300 volunteers, raising some \$650,000 to support MUSC Hollings Cancer Center.
- The U.S. Patent Office granted the MUSC Foundation for Research Development 18 patents.
- MUSC received \$25 million from the General Assembly to partner with the South Carolina Department of Health and Environmental Control and the South Carolina Hospital Association to develop and deploy a statewide testing plan. The focus of the plan is on rural and underserved areas of the state. More than 200 testing events/sites have been implemented.
- MUSC Health continues to support the reopening plan and testing strategy for the University of SC, College of Charleston, The Citadel and Clemson University.

## **Awards and Acknowledgments**

### **Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The Medical University of South Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the twenty-seventh consecutive year that the University has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

The preparation of the Comprehensive Annual Financial Report in a timely manner would not have been possible without the coordinated efforts of the Controller's Office and other University financial staff. We would like to thank each member for their contributions.

Sincerely,



Lisa P. Montgomery, MHA  
Executive Vice President for Finance and Operations



Patrick J. Wamsley, CPA  
Chief Financial Officer



Susan F. Edwards, CPA  
Controller



Sharon S. Williams, CPA, MSA, CGMA  
Director, Financial Reporting



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**The Medical University of South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2019**

*Christopher P. Morrell*

Executive Director/CEO

## **BOARD OF TRUSTEES AND PRINCIPAL UNIVERSITY OFFICIALS**

*July 1, 2020 – June 30, 2020*

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*Governor*

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*Charleston, SC*

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*Greenville, SC*

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*Columbia, SC*

(a) Governor's designee  
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*Emeritus  
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*Emeritus  
Awendaw, SC*

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*Emeritus  
Columbia, SC*

Mark C. Sweatman, MPA  
*Secretary to the Board of Trustees  
Columbia, SC*

### **Officers of the Medical University of South Carolina**

David J. Cole, M.D., FACS  
*President*

Lisa K. Saladin, PT, Ph.D.  
*Executive Vice President for  
Academic Affairs and Provost*

Patrick J. Cawley, M.D., MHM, FACHE  
*CEO, MUSC Health and  
Vice President for Health Affairs,  
University*

Lisa P. Montgomery, MHA  
*Executive Vice President for  
Finance and Operations*

Annette R. Drachman, MHA, JD  
*General Counsel*

Kate S. Azizi, MBA  
*Vice President for Institutional  
Advancement*

Mark McMath, MBA  
*Chief Information Officer*

Sheila Champlin, MA  
*Chief Communications  
& Marketing Officer*

Kathleen T. Brady, M.D., Ph.D.  
*Vice President for Research*

### **Deans**

Raymond N. Dubois, M.D., Ph.D.  
*College of Medicine*

Philip D. Hall, Pharm. D  
*College of Pharmacy*

Sarandeep S. Huja, D.D.S., Ph. D  
*College of Dental Medicine*

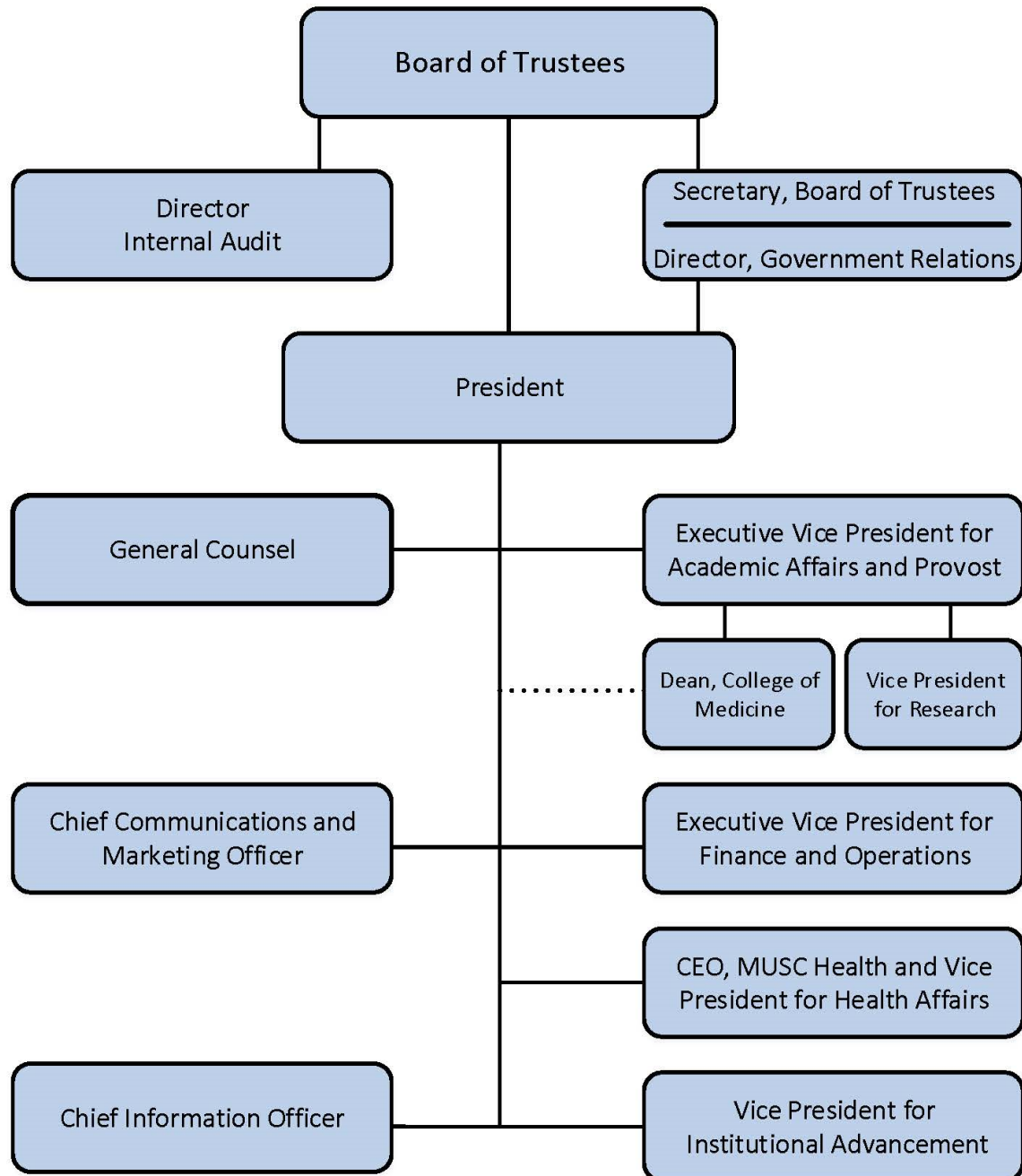
Zoher F. Kapasi, PT, Pd.D., MBA  
*College of Health Professions*

Paula Traktman, Ph.D.  
*College of Graduate Studies*

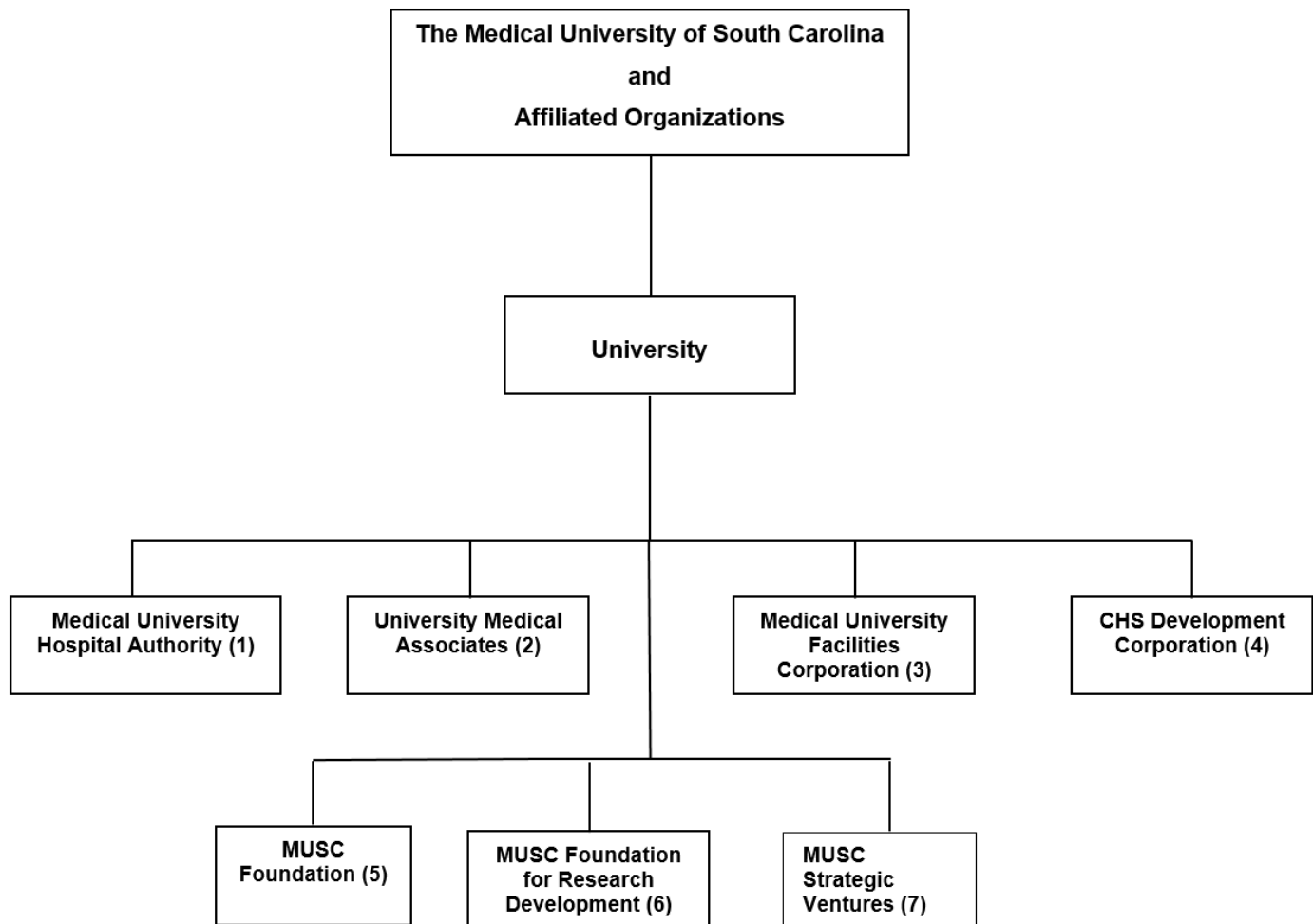
Linda S. Weglicki, Ph.D., RN  
*College of Nursing*



## ORGANIZATION CHART



## THE MEDICAL UNIVERSITY AND AFFILIATED ORGANIZATIONS



### Notes:

1. The Medical University Hospital Authority (MUHA) was formed in June 2000 to manage and operate the hospitals and clinics of the University.
2. University Medical Associates (UMA) is a non-profit corporation established to promote and support the educational, medical, scientific, and research purposes of the University.
3. Medical University Facilities Corporation (MUFC) is a non-profit corporation established in fiscal year 1992 to obtain financing for the University to acquire real property.
4. CHS Development Corporation (CHS) is a non-profit corporation established in fiscal year 2003 to obtain financing for the University to acquire and develop real property.
5. The MUSC Foundation (MUSCF) is a non-profit corporation established in 1966 as an educational, charitable, eleemosynary foundation.
6. The MUSC Foundation for Research Development (MFRD) is a non-profit corporation established in 1995 to manage the University's intellectual property and technology marketing and to foster cooperation between the University and business and industry.
7. MUSC Strategic Ventures (MSV) was formed in September 2015 to allow affiliation with tax-exempt entities to support the missions and programs of The Medical University of South Carolina, UMA and MUHA.

# **Financial Section**





KPMG LLP  
Suite 400  
300 North Greene Street  
Greensboro, NC 27401

## **Independent Auditors' Report**

The Board of Trustees  
Medical University of South Carolina  
Charleston, South Carolina:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the business-type activities, the major fund, the aggregate remaining fund information, and the discretely presented component units of the Medical University of South Carolina (the University), a department of the State of South Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Medical University of South Carolina Foundation and the MUSC Foundation for Research Development, which each respectively represent 100% of total assets and deferred outflows and 100% of total revenue of the respective discretely presented components units for the year then ended. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical University of South Carolina Foundation and the MUSC Foundation for Research Development, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Medical University of South Carolina Foundation and the MUSC Foundation for Research Development were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.





We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Opinions*

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the major fund, the aggregate remaining fund information, and the discretely presented component units of the Medical University of South Carolina, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

#### *Other Matters*

##### Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedule of the University's & Authority's proportionate share of the net pension liability to the South Carolina Public Employee Benefit Authority (PEBA), schedule of the University's & Authority's contributions to PEBA, schedule of the University's & Authority's proportionate share of the net OPEB liability to PEBA, and schedule of changes in UMA's net OPEB liability and related ratios on pages 19 through 28 and 85 through 96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

##### Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2020 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

**KPMG LLP**

October 5, 2020

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information (unaudited)

### Introduction

The management of The Medical University of South Carolina offers readers of the financial statements this narrative overview and analysis of the financial position and activities of The Medical University of South Carolina for the fiscal year ended June 30, 2020 with selected comparative information for the year ended June 30, 2019. Management's discussion and analysis (MD&A) will focus on the financial position and operations of the primary institution (the University) and the blended component unit that is reported as a major fund, University Medical Associates (UMA). This discussion should be read in conjunction with our letter of transmittal in the introductory section of this report and with the accompanying financial statements and notes.

### Financial Highlights

At June 30, 2020, total assets and deferred outflows reported by the University were \$964.4 million and \$139.9 million respectively and total liabilities and deferred inflows were \$1,277.1 million and \$50.9 million respectively. Net position, which represents the residual interest in the University's assets after liabilities are deducted, decreased \$(43.7) million in fiscal year 2020 from \$(180.0) to \$(223.7) million. Of the total net position, \$(710.1) million represents unrestricted net position. The University's operating revenues for the fiscal year 2020 decreased \$(25.6) million, or (4.3) percent, from fiscal year 2019 to \$563.0 million. Operating expenses increased by \$51.3 million, or 6.2 percent, from fiscal year 2019 to \$872.7 million. Net nonoperating revenues for fiscal year 2020 were \$171.2 million, as compared to \$136.6 million for fiscal year 2019.

At June 30, 2020, UMA reported total assets and deferred outflows of \$490.8 million and \$9.3 million respectively and total liabilities and deferred inflows of \$184.5 million. Net position was \$315.6 million, an increase of \$10.2 million, or 3.3 percent, from the previous year's net position of \$305.4 million. Of this amount, \$245.4 million represents unrestricted net position which is available to meet UMA's ongoing obligations. UMA's operating revenues for the fiscal year 2020 increased \$26.6 million, or 5.4 percent, from fiscal year 2019 to \$516.1 million. Operating expenses increased by \$41.2 million, or 10.8 percent, over fiscal year 2020 to \$420.8 million. Net nonoperating expenses for fiscal year 2020 were \$(3.5) million, as compared to \$(0.1) million net nonoperating expenses for fiscal year 2019. Nonoperating revenues of \$11.0 million were received from the CARES Act Provider Relief Fund in fiscal year 2020.

### Overview of the Financial Statements

The financial report includes three financial statements:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles as prescribed in GASB Statement No. 35, *Basic Financial Statements – Management's Discussion and Analysis – for Public Colleges and Universities*. This statement establishes standards for external financial reporting for public colleges and universities, and requires that financial statements be presented on an entity-wide basis to focus on the University as a whole rather than on individual fund groups.

### Statement of Net Position

The Statement of Net Position presents the financial position as of the end of the fiscal year and includes all assets, liabilities, deferred outflows, and deferred inflows of the entity. Cash and investments are generally reported at fair values. Capital assets are reported at historical cost less an allowance for depreciation. The difference between total assets and deferred outflows, and total liabilities and deferred inflows (net position) is one indicator of the current financial condition, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the current year. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the entity, and how much is owed to vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and its availability for expenditure.

Net position is classified into components as follows:

- Net investment in capital assets represents the investment in property, plant, and equipment less any related debt used to acquire those assets.
- Restricted nonexpendable net position consist of the University's permanent endowment funds.
- Restricted expendable net position is available for expenditure, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.
- Unrestricted net position is available for any lawful purpose of the entity.

**Unaudited**

**Summary of Net Position**

*Amounts in thousands*

	The University		University Medical Associates		CHS Development Company	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current assets	\$ 419,985	\$ 411,169	\$ 358,893	\$ 314,012	\$ 3,272	\$ 3,166
Noncurrent assets						
Capital assets, net	392,977	410,022	103,476	96,157	—	—
Other assets	151,412	163,462	28,431	25,482	6,746	8,465
Noncurrent assets	544,389	573,484	131,907	121,639	6,746	8,465
Total assets	964,374	984,653	490,801	435,651	10,018	11,631
Deferred outflows	139,895	106,789	9,317	10,811	104	148
Total assets and deferred outflows	1,104,269	1,091,442	500,118	446,462	10,122	11,779
<b>Liabilities</b>						
Current liabilities	116,942	130,593	110,607	69,302	1,769	1,738
Noncurrent liabilities	1,160,156	1,100,635	73,841	71,633	7,170	8,840
Total liabilities	1,277,098	1,231,228	184,448	140,935	8,939	10,578
Deferred inflows	50,878	40,251	60	86	—	—
Total liabilities and deferred inflows	1,327,976	1,271,479	184,508	141,021	8,939	10,578
<b>Net Position</b>						
Net investment in capital assets	273,746	290,961	70,174	60,858	—	—
Restricted						
Nonexpendable	92,884	91,997	—	—	—	—
Expendable	119,737	113,212	—	—	1,182	1,202
Unrestricted	(710,074)	(676,208)	245,435	244,583	—	—
Total net position	\$ (223,707)	\$ (180,038)	\$ 315,609	\$ 305,441	\$ 1,182	\$ 1,202

	Interfund Capital Lease Eliminations		Total Primary Government	
	2020	2019	2020	2019
<b>Assets</b>				
Current assets	\$ (1,563)	\$ (1,496)	\$ 780,587	\$ 726,851
Noncurrent assets				
Capital assets, net	—	—	496,453	506,179
Other assets	(6,350)	(7,914)	180,238	189,495
Noncurrent assets	(6,350)	(7,914)	676,691	695,674
Total assets	(7,913)	(9,410)	1,457,278	1,422,525
Deferred outflows	—	—	149,316	117,748
Total assets and deferred outflows	(7,914)	(9,410)	1,606,595	1,540,273
<b>Liabilities</b>				
Current liabilities	(1,563)	(1,496)	227,756	200,137
Noncurrent liabilities	(6,350)	(7,914)	1,234,817	1,173,195
Total liabilities	(7,913)	(9,410)	1,462,573	1,373,332
Deferred inflows	—	—	50,938	40,337
Total liabilities and deferred inflows	(7,913)	(9,410)	1,513,510	1,413,668
<b>Net Position</b>				
Net investment in capital assets	—	—	343,920	351,819
Restricted				
Nonexpendable	—	—	92,884	91,997
Expendable	—	—	120,919	114,413
Unrestricted	—	—	(464,639)	(431,625)
Total net position	\$ —	\$ —	\$ 93,084	\$ 126,605

The University's total assets and deferred outflows increased \$12.8 million, or 1.2 percent. Total liabilities and deferred inflows increased \$56.5 million from fiscal year 2019 to fiscal year 2020, primarily due to an increase in long-term liabilities resulting from the increase in net pension liability in accordance with GASB Statement 68 and net OPEB liability and deferred inflows in accordance with GASB Statement 75.

Unaudited

UMA's total assets & deferred outflows increased \$53.6 million in fiscal year 2020, primarily due to an increase in current assets. Total liabilities & deferred inflows increased \$43.5 million, due to the net of an increase in payables and accrued liabilities and reductions in long-term debt. UMA's unrestricted net position decreased \$0.9 million from \$244.6 million at the end of fiscal year 2019 to \$245.4 million at the end of fiscal year 2020.

The University implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in fiscal year 2015 and GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (OPEB)* in fiscal year 2018.

These statements require participating employers to report their proportionate share of the plans' net pension and OPEB liabilities, pension and OPEB expense and deferred outflows and inflows. In fiscal year 2020, excluding the GASB 68 and GASB 75 impact, the University's unrestricted net position decreased \$(14.8) million for a total of \$150.6 million. In fiscal year 2019, excluding the GASB 68 and GASB 75 impact, the University's unrestricted net position increased \$28.2 million for a total of \$165.4 million.

The following is the University's net position with the GASB 68 and 75 impact reported discretely:

<i>Amounts in thousands</i>	2020	2019
Net investment in capital assets	\$ 281,489	\$ 290,961
Restricted		
Nonexpendable	92,884	91,997
Expendable	119,737	113,212
Unrestricted (excluding GASB 68 and 75 liabilities)	150,580	165,424
Unrestricted (including GASB 68 and 75 liabilities)	(868,397)	(841,632)
Total net position	<u>\$ (223,707)</u>	<u>\$ (180,038)</u>

### **Statement of Revenues, Expenses and Changes in Net Position**

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. Operating revenues are earned by providing goods and services to various customers and constituencies. Operating expenses are incurred to acquire or produce the goods and services and to carry out the mission of the entity. Nonoperating revenues are revenues received for which goods and services are generally not provided. A public university's dependence on state aid and gifts usually results in operating deficits because state appropriations and gifts are classified as nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which spreads the cost of an asset over its expected useful life.

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues earned, both operating and nonoperating, and the expenses incurred, operating and nonoperating, and any other revenues, expenses, gains and losses received or incurred by the entity.



Unaudited

**Summary of Revenues, Expenses and Changes in Net Position**

Amounts in thousands

	The University		University Medical Associates		CHS Development Company	
	2020	2019	2020	2019	2020	2019
Operating revenues	\$ 562,967	\$ 588,567	\$ 516,133	\$ 489,541	\$ 420	\$ 485
Operating expenses	(872,724)	(821,471)	(420,785)	(379,603)	(424)	(468)
Operating income (loss)	(309,757)	(232,904)	95,348	109,938	(4)	17
Nonoperating revenues	178,466	142,953	212	8,537	—	—
Nonoperating expenses	(7,232)	(6,324)	(3,689)	(8,641)	—	—
Net nonoperating revenues (expenses)	171,234	136,629	(3,478)	(103)	—	—
Income (loss) before other revenues, expenses, gains, losses, and transfers	(138,523)	(96,274)	91,870	109,834	(4)	17
Capital appropriations	12,000	3,500	—	—	—	—
Capital grants and gifts	250	1,385	—	—	—	—
Additions to permanent endowments	887	682	—	—	—	—
Transfers	81,717	76,317	(81,702)	(76,292)	(15)	(24)
<b>Change in net position</b>	(43,669)	(14,390)	10,168	33,542	(20)	(7)
<b>Net position at beginning of year</b>	(180,038)	(165,648)	305,441	271,899	1,202	1,209
<b>Net position at end of year</b>	<u>\$ (223,707)</u>	<u>\$ (180,038)</u>	<u>\$ 315,609</u>	<u>\$ 305,441</u>	<u>\$ 1,182</u>	<u>\$ 1,202</u>

	Interfund Capital Lease Eliminations		Total Primary Government	
	2020	2019	2020	2019
Operating revenues	\$ (381)	(445)	\$ 1,079,138	\$ 1,078,148
Operating expenses	—	—	(1,293,933)	(1,201,541)
Operating income (loss)	(381)	(445)	(214,795)	(123,393)
Nonoperating revenues	—	—	178,678	151,491
Nonoperating expenses	381	445	(10,541)	(14,520)
Net nonoperating revenues (expenses)	381	445	168,137	136,971
Income (loss) before other revenues, expenses, gains, losses, and transfers	—	—	(46,657)	13,578
Capital appropriations	—	—	12,000	3,500
Capital grants and gifts	—	—	250	1,385
Additions to permanent endowments	—	—	887	682
Transfers	—	—	—	1
<b>Change in net position</b>	—	—	(33,520)	19,145
<b>Net position at beginning of year</b>	—	—	126,605	107,459
<b>Net position at end of year</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 93,084</u>	<u>\$ 126,605</u>

**Revenues**

The University's daily operations are funded primarily from grants and contracts, sales and services, and State and capital appropriations. These three sources account for 72 percent of the total fiscal year 2020 revenues of \$836.3 million and 72 percent of the total fiscal year 2019 revenues of \$813.4 million. The following table and chart illustrate the University's revenues by source.

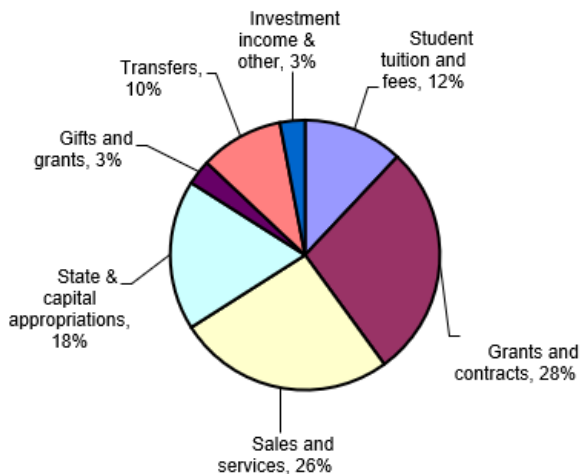
**Unaudited**

**Revenues by Source – The University**

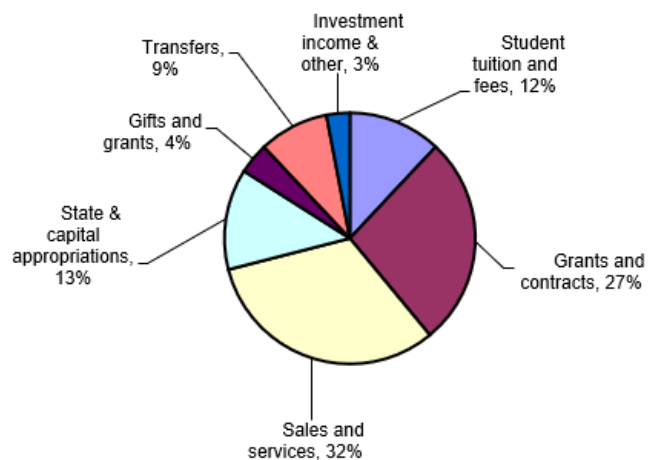
*Amounts in thousands*

	2020	Percent Of Total	2019	Percent Of Total
<b>Operating revenues</b>				
Student tuition and fees	\$ 99,828	12 %	97,798	12 %
Grants and contracts	230,659	28 %	216,303	27 %
Sales and services	216,118	26 %	260,334	32 %
Other operating revenues	16,362	2 %	14,133	2 %
Total operating revenues	562,967	68 %	588,567	72 %
<b>Nonoperating and other revenues</b>				
State and capital appropriations	153,546	18 %	109,296	13 %
Gifts and grants	26,492	3 %	29,725	4 %
Investment income	561	— %	4,231	1 %
Gain on sale of capital assets	11,005	1 %	5,270	1 %
Transfers	81,717	10 %	76,317	9 %
Total nonoperating and other revenues	273,321	32 %	224,838	28 %
<b>Total revenues</b>	<b>\$ 836,288</b>	<b>100 %</b>	<b>\$ 813,405</b>	<b>100%</b>

**2020**



**2019**



In fiscal year 2020, the University's total revenues increased by \$22.9 million from the previous fiscal year. Tuition revenues increased \$2.0 million. Grants and contracts increased \$14.4 million due to the net effect of increases in state and federal grant revenues and an increase in nongovernmental grant revenues. Sales and services revenues decreased \$(44.2) million primarily due to decreases in sales of supplies and services and other services revenue.

State and capital appropriations increased \$44.3 million primarily due to an increase in operating appropriations. State appropriations included \$18.6 million in fiscal year 2020 and fiscal year 2019, which was subsequently paid to the Medical University Hospital Authority as part of the Disproportionate Share Program administered by the South Carolina Department of Health and Human Services.

Unaudited

Gifts and grants decreased \$(3.2) million primarily due to decreases in state grants and gifts. Investment income decreased \$(3.7) million primarily due to decreased earnings and realized and unrealized gains from endowments.

**Operating Revenue by Source for the Major Blended Component Unit**

Amounts in thousands

	University Medical Associates	
	2020	2019
Net clinical service revenue	\$ 470,250	\$ 464,822
Educational agreements	5,401	5,856
Other operating revenue	40,482	18,863
Total operating revenue	<u>\$ 516,133</u>	<u>\$ 489,541</u>

UMA's net clinical service revenue increased \$5.4 million primarily from an increase in patient volume and revenue related to Supplemental Medicaid and the acquisition of regional clinics. Other operating revenue increased \$21.6 million due to an increase in support from MUHA for various clinical initiatives during the fiscal year related to the acquisition of regional clinics.

**Expenses**

The operating expenses are reported by natural classification (object) in the financial statement and by functional classification in the notes. The following tables and charts illustrate the University's operating expenses by the two classifications.

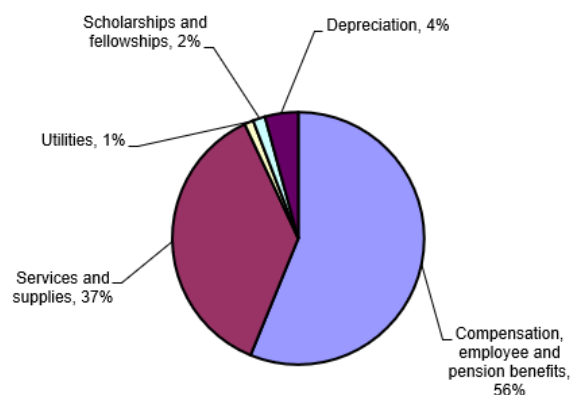
**Operating Expenses by Object – The University**

Amounts in thousands

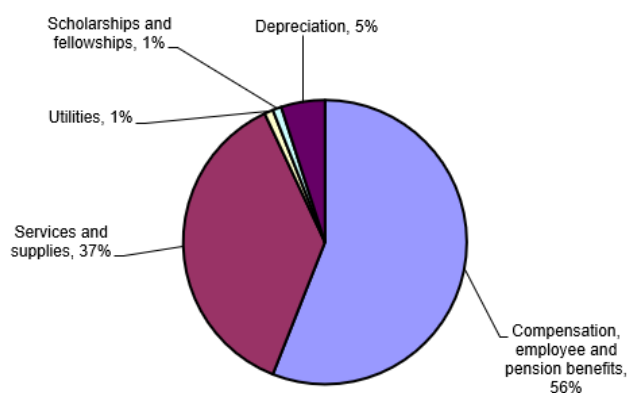
	2020	Percent Of Total	2019	Percent Of Total
Compensation, employee, pension and OPEB benefits	\$ 490,370	56 %	461,300	56 %
Services and supplies	321,309	37 %	299,555	37 %
Utilities	10,085	1 %	11,837	1 %
Scholarships and fellowships	13,684	2 %	11,393	1 %
Depreciation	37,276	4 %	37,386	5 %
Total operating expenses	<u>\$ 872,724</u>	<u>100 %</u>	<u>821,471</u>	<u>100%</u>

**Unaudited**

**2020**



**2019**



The University's operating expenses were \$872.7 million for the fiscal year ended June 30, 2020, an increase of \$51.3 million from fiscal year 2019. The increase of 6.2 percent resulted primarily from the net impact of increases of \$29.1 million in compensation and employee benefits including pension and OPEB obligations, and an increase of \$2.3 million in scholarships and fellowships and an increase of \$21.8 million in services and supplies.

Nonoperating expenses included in the University's total expenses amounted to \$7.2 million and \$6.3 million in fiscal years 2020 and 2019, respectively. This \$0.9 million increase was primarily due to a decrease in State appropriations that were passed through to MUHA.

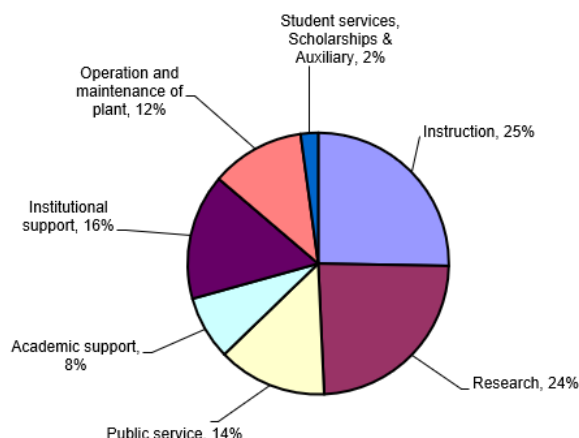
**Operating Expenses by Function – The University**

*Amounts in thousands*

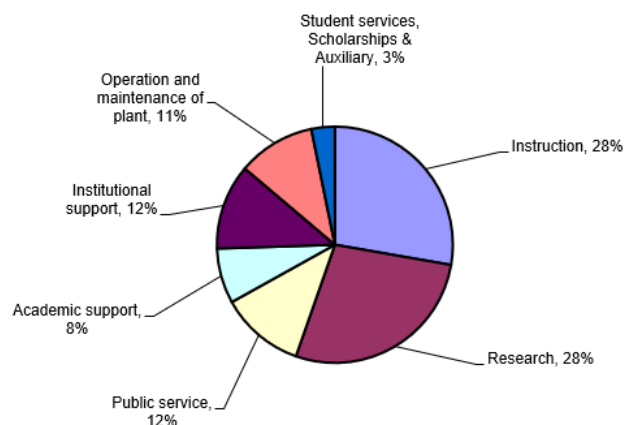
	2020	Percent Of Total	2019	Percent Of Total
Instruction	\$ 218,382	25 %	\$ 227,890	28 %
Research	207,216	24 %	226,970	28 %
Public service	116,693	13 %	95,043	12 %
Academic support	68,073	8 %	61,407	7 %
Student services	10,203	1 %	9,756	1 %
Institutional support	134,327	15 %	95,947	12 %
Operation and maintenance of plant	100,402	12 %	87,868	11 %
Scholarships and fellowships	4,627	1 %	3,790	— %
Auxiliary enterprises	12,801	1 %	12,799	1 %
Total operating expenses	<u>\$ 872,724</u>	<u>100 %</u>	<u>\$ 821,471</u>	<u>100 %</u>

Unaudited

2020



2019



UMA's operating expenses increased by \$41.2 million primarily due to an increase in salaries and benefits for new faculty employed during the year. UMA's nonoperating expenses decreased approximately \$0.1 million primarily due to a decrease in nonmandatory contributions to the University and its Foundation in support of their missions.

### Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity during the year. This statement aids in the assessment of the entity's ability to generate future net cash flows and to meet obligations and commitments as they come due. The University's primary sources of operating and noncapital related cash in fiscal 2020 were state appropriations, grants and contracts, sales and services of educational and other activities, and tuition and fees. Primary uses of these cash sources were salaries and benefits for faculty, staff, and student employees, and payments to suppliers of goods and services.

The statement is divided into five sections.

- The University's cash flows from operating activities include cash received for tuition and research grants, salaries paid to employees and payments to vendors. Since State appropriations and gifts are not considered operating revenues, operating activities of the University produced a net cash outflow of \$250.1 million.
- The University's noncapital financing activities, which include State appropriations received for operations and noncapital gifts and transfers, generated a net cash inflow of \$250.5 million.
- The University's capital and related financing activities include the proceeds received from the issuance of long-term debt obligations, capital grants and gifts received, repayment of debt, and acquisition of capital assets. Debt proceeds, capital appropriations, grants and gifts received in the current year were more than offset by capital expenditures and payments on debt, resulting in a net cash outflow of \$19.9 million.
- The University's investing activities consisted of \$6.8 million of earnings on investments, offset by \$0.9 million of endowment corpus deposited with the Medical University of South Carolina Foundation.
- The last section of the statement reconciles the net cash provided or used by operating activities to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

### Capital Asset and Debt Activities

The following is a summary of capital asset and long-term debt activity for the University and its major blended component unit for fiscal year 2020. More detailed information can be found in note 5 (*Capital Assets*), note 11 (*Bonds and Notes Payable*) and note 13 (*Lease Obligations*) of the notes to the financial statements.



Unaudited

**Capital Assets, Net of Depreciation**

Amounts in thousands

	The University		University Medical Associates	
	2020	2019	2020	2019
Land	\$ 6,349	\$ 6,349	\$ 23,000	\$ 26,097
Construction in progress	9,405	1,639	818	634
Land improvements	3,919	4,323	—	—
Buildings and improvements	332,909	353,001	68,170	63,274
Machinery and equipment	38,165	42,106	10,526	4,241
Software	93	279	—	—
Vehicles	2,137	2,325	962	1,912
	<u>\$ 392,977</u>	<u>\$ 410,022</u>	<u>\$ 103,476</u>	<u>\$ 96,157</u>

**The University**

Capital additions, net of the change in construction in progress and the sale of capital assets, totaled \$21.2 million in fiscal year 2020 and consisted primarily of costs associated with renovations to administrative and laboratory space, and investments in medical, scientific and laboratory equipment.

The University had outstanding commitments under construction contracts related to these and other projects of approximately \$27.8 million at June 30, 2020. These projects are being funded by bond proceeds, federal grants, state appropriations, restricted gifts, and unrestricted university funds.

**University Medical Associates**

UMA's investment in capital assets, net of accumulated depreciation as of June 30, 2020 was \$103.5 million. The change in capital assets year over year is primarily due to depreciation recorded during fiscal year 2020, offset by additions.

**Bonds, Notes, Capital Lease Obligations, and Interfund Payables**

The following table shows the amounts (in thousands) and types of bonds including premiums, notes, and capital leases outstanding as of June 30, 2020.

	The University		University Medical Associates	
	2020	2019	2020	2019
State institution bonds, net	\$ 37,175	\$ 41,781	\$ —	\$ —
Revenue bonds, net	22,306	23,994	—	—
Notes payable	30,882	30,000	—	—
Variable rate demand bonds	—	—	56,885	60,385
Fixed rate revenue bond	—	—	7,630	9,020
Capital lease obligations	132	57	732	297
Due to component unit	39,838	40,742	—	—
Interfund payables	7,914	9,410	—	—
	<u>\$ 138,247</u>	<u>\$ 145,984</u>	<u>\$ 65,247</u>	<u>\$ 69,702</u>

**The University**

Following is a brief explanation of each type of long-term debt with examples of the assets acquired and the funding source the University expects to use to service the debt.

**State Institution Bonds (SIB)**

These bonds require the University to pledge revenue from student tuition for the repayment of this debt. If the University fails to repay this debt, the State would repay the debt because these bonds are backed by the State's full faith, credit and taxing power. The proceeds from SIBs provided a portion of the funding for the Harper Student Center, the site for the Strom Thurmond Biomedical Research Facility, the Storm Eye Institute addition, the Children's Research Institute, and a number of major renovation projects. The University's SIBs are general obligation bonds of the State of South Carolina. Moody's Investors Services rates them as "Aaa." At June 30, 2020, the net SIB payable totaled \$37.2 million.

**Revenue Bonds**

In fiscal year 2007, the University issued a \$38 million revenue bond for the purpose of financing a new parking garage which opened in the fall of 2008. During fiscal year 2017, the University issued \$25.1 million in Refunding Revenue Bonds to refund these bonds.

Unaudited

**Notes Payable**

On February 21, 2019, the Board of Trustees approved a resolution authorizing the University to use the South Carolina Master Lease Program for the purpose of financing the costs of purchasing and implementing energy conservation measures that will benefit the University with the understanding that the debt service payments will be generated from the associated energy savings. Pursuant to this resolution, the University borrowed \$30,000,000 from TD Equipment Finance during fiscal year 2019.

**Capital Leases**

The University has an outstanding capital lease with CHS Development Company (CHS), a blended component unit, for the College of Health Professions complex and a parking garage. Monthly payments are made to a financial institution as trustee under this lease. At June 30, 2020, the capital lease liability payable to CHS was \$7.9 million. The lease with this blended component unit is considered an Interfund Payable.

In fiscal year 2009, the University entered into capital leases with the Medical University of South Carolina Foundation (MUSCF), a discretely presented component unit, for a garage and two office buildings. As of June 30, 2020, the capital lease liability payable to MUSCF, which is reflected as Due to Component Unit, totaled \$39.8 million.

In addition, the University has \$0.1 million in capital leases payable at June 30, 2020 for various pieces of equipment.

**Sources Other Than Debt**

The University also acquires some of its capital assets from other sources, such as:

- *Federal grants.* Grants were received from the federal government for some of the construction costs of the Hollings Cancer Center, the Drug Discovery and Biosciences Buildings, and the Bee Street Parking Garage. The University is not obligated to repay these monies. The University and UMA were also awarded funds under the CARES Act.
- *State Capital Improvement Bonds.* The State issues these bonds and makes the proceeds available for the University to spend on approved projects. The University used capital improvement bond proceeds to partially fund the construction of the new College of Dental Medicine Building. The University is not obligated to repay these funds to the State; therefore, the debt is not recorded on the University's financial statements.
- *Research Infrastructure Bonds.* The State issues these bonds and makes the proceeds available for the University to spend on approved projects. The University used research infrastructure bond proceeds to fund the construction of a new Drug Discovery Building and a Bioengineering Building. The University is not obligated to repay these funds to the State; therefore, the debt is not recorded in the University's financial statements.
- *Private Gifts and Grants.* Cash and other resources donated to the MUSC Foundation are periodically transferred to the University for capital projects.

**University Medical Associates**

At June 30, 2020, UMA had \$65.2 million in outstanding bonds, notes and capital lease obligations compared to \$69.7 million outstanding in the prior year, a decrease of 6.4 percent.

**Requests for Information**

These financial statements are designed to provide a general overview of The Medical University of South Carolina and its component units' financial activities and to demonstrate the University's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Controller's Office, Medical University of South Carolina, 1 South Park, Suite 402, Charleston, South Carolina, 29407. These financial statements may also be obtained from our website:

<https://web.musc.edu/about/leadership/institutional-offices/finance/financial-information>

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**STATEMENT OF NET POSITION**  
**June 30, 2020**

	The University	University Medical Associates	CHS Development Company	Interfund Capital Leases Elimination	Total Primary Government
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 305,534,700	\$ 91,478,788	\$ —	\$ —	\$ 397,013,488
Investments	—	181,045,235	—	—	181,045,235
Receivables, net	55,141,853	51,781,402	—	—	106,923,255
Student loans receivable	28,567	—	—	—	28,567
Due from other funds	—	28,101,197	—	—	28,101,197
Due from component units	9,786,519	642,397	—	—	10,428,916
Prepaid items	4,774,283	338,226	156,349	—	5,268,858
Restricted assets					
Cash and cash equivalents	33,262,848	—	717,976	—	33,980,824
Investments	—	—	834,616	—	834,616
Due from component units	10,478,194	—	—	—	10,478,194
Interfund receivables	—	—	1,563,060	(1,563,060)	—
Student Loans receivables	977,878	—	—	—	977,878
Other current assets	—	5,506,012	—	—	5,506,012
Total current assets	419,984,842	358,893,257	3,272,001	(1,563,060)	780,587,040
<b>Noncurrent Assets</b>					
Investments	—	10,065,000	—	—	10,065,000
Student loans receivables	347,221	—	—	—	347,221
Restricted Assets					
Cash and cash equivalents	48,850,568	—	—	—	48,850,568
Due from component units	92,156,746	—	—	—	92,156,746
Interfund receivables	—	—	6,350,478	(6,350,478)	—
Student loans receivable	10,057,157	—	—	—	10,057,157
Prepaid items	—	5,561,618	395,409	—	5,957,027
Net OPEB asset	—	459,884	—	—	459,884
Investment in joint ventures	—	3,106,010	—	—	3,106,010
Capital assets, net of accumulated depreciation	392,976,915	103,476,007	—	—	496,452,922
Other noncurrent assets	—	9,238,800	—	—	9,238,800
Total noncurrent assets	544,388,607	131,907,319	6,745,887	(6,350,478)	676,691,335
Total assets	964,373,449	490,800,576	10,017,888	(7,913,538)	1,457,278,375
<b>DEFERRED OUTFLOWS</b>					
Deferred loss of refunding debt	55,427	9,281,703	103,660	—	9,440,790
Deferred outflows - pension	74,059,534	—	—	—	74,059,534
Deferred outflows - OPEB	65,780,485	35,614	—	—	65,816,099
Total deferred outflows	139,895,446	9,317,317	103,660	—	149,316,423
Total assets and deferred outflows	\$ 1,104,268,895	\$ 500,117,893	\$ 10,121,548	\$ (7,913,538)	\$ 1,606,594,798

The accompanying notes are an integral part of this financial statement.

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2020

	The University	University Medical Associates	CHS Development Company	Interfund Capital Leases Elimination	Total Primary Government
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables and accrued liabilities	\$ 33,257,302	\$ 84,919,946	\$ 99,450	\$ —	\$ 118,276,698
Due to other funds	28,101,197	—	—	—	28,101,197
Due to component units	976,613	17,095,438	—	—	18,072,051
Unearned revenues	25,068,726	—	—	—	25,068,726
Interfund payables	1,563,060	—	—	(1,563,060)	—
Long-term liabilities	20,715,605	8,592,090	1,670,000	—	30,977,695
Other current liabilities	7,259,429	—	—	—	7,259,429
Total current liabilities	116,941,932	110,607,474	1,769,450	(1,563,060)	227,755,796
<b>Noncurrent liabilities</b>					
Interfund payables	6,350,478	—	—	(6,350,478)	—
Due to component unit	38,861,407	—	—	—	38,861,407
Federal loan program liability	12,294,912	—	—	—	12,294,912
Long-term liabilities	99,703,354	64,971,298	7,170,000	—	171,844,652
Net pension liability	506,772,388	—	—	—	506,772,388
Net OPEB liability	496,173,490	—	—	—	496,173,490
Fair value of derivative instruments	—	8,870,055	—	—	8,870,055
Total noncurrent liabilities	1,160,156,029	73,841,353	7,170,000	(6,350,478)	1,234,816,904
Total liabilities	1,277,097,961	184,448,827	8,939,450	(7,913,538)	1,462,572,700
<b>DEFERRED INFLOWS</b>					
Deferred inflows - pension	3,981,415	—	—	—	3,981,415
Deferred inflows - OPEB	46,896,597	59,638	—	—	46,956,235
Total deferred inflows	50,878,012	59,638	—	—	50,937,650
Total liabilities and deferred inflows	1,327,975,973	184,508,465	8,939,450	(7,913,538)	1,513,510,350
<b>NET POSITION</b>					
Net investment in capital assets	273,745,547	70,174,180	—	—	343,919,727
Restricted					
Nonexpendable	92,884,333	—	—	—	92,884,333
Expendable for					
Education	32,655,102	—	—	—	32,655,102
Loans	4,468,241	—	—	—	4,468,241
Capital projects	79,256,763	—	—	—	79,256,763
Debt service	3,356,789	—	1,182,098	—	4,538,887
Unrestricted	(710,073,853)	245,435,248	—	—	(464,638,605)
Total net position	\$ (223,707,078)	\$ 315,609,428	\$ 1,182,098	\$ —	\$ 93,084,448

The accompanying notes are an integral part of this financial statement.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**For the year ended June 30, 2020**

	The University	University Medical Associates	CHS Development Company	Interfund Capital Leases Elimination	Total Primary Government
<b>Operating revenues</b>					
Student tuition and fees, (net of scholarship allowances of \$5,286,882)	\$ 99,828,445	\$ —	\$ —	\$ —	\$ 99,828,445
Federal grants and contracts	184,649,825	—	—	—	184,649,825
State grants and contracts	11,925,737	—	—	—	11,925,737
Local government grants and contracts	183,286	—	—	—	183,286
Nongovernmental grants and contracts	33,900,087	—	—	—	33,900,087
Sales and services to Medical University Hospital Authority	123,746,440	—	—	—	123,746,440
Sales and services of educational and other activities	77,872,770	—	—	—	77,872,770
Net clinical service revenue	—	470,249,956	—	—	470,249,956
Ambulatory care and Medical University Hospital Authority revenue cycle support		5,401,029	—	—	5,401,029
Auxiliary enterprises	14,498,758	—	—	—	14,498,758
Interest income (used as security for revenue bonds and notes)	—	—	419,886	(380,868)	39,018
Other operating revenues	16,361,333	40,481,787	—	—	56,843,120
Total operating revenues	562,966,681	516,132,772	419,886	(380,868)	1,079,138,471
<b>Operating expenses</b>					
Compensation and employee benefits	443,260,550	303,230,889	—	—	746,491,439
Pension benefits	32,444,183	—	—	—	32,444,183
OPEB benefits	14,665,555	—	—	—	14,665,555
Services and supplies	321,309,402	110,944,497	6,569	—	432,260,468
Utilities	10,084,788	1,193,956	—	—	11,278,744
Scholarships and fellowships	13,683,602	—	—	—	13,683,602
Interest expense	—	—	261,396	—	261,396
Depreciation and amortization	37,276,072	5,415,514	156,349	—	42,847,935
Total operating expenses	872,724,152	420,784,856	424,314	—	1,293,933,322
Operating income (loss)	(309,757,471)	95,347,916	(4,428)	(380,868)	(214,794,851)
<b>Nonoperating revenues (expenses)</b>					
State appropriations	141,545,793	—	—	—	141,545,793
Gifts and grants	25,355,189	—	—	—	25,355,189
Gifts made	—	(211,000)	—	—	(211,000)
Investment income (loss)	560,801	(16,177,818)	—	—	(15,617,017)
Interest expense	(6,724,195)	(3,560,681)	—	380,868	(9,904,008)
Gain on sale of capital assets	11,004,715	82,297	—	—	11,087,012
Transfers to other state funds	(503,880)	—	—	—	(503,880)
CARES Act provider relief funds	—	10,953,497	—	—	10,953,497
Other nonoperating revenues	(4,290)	5,436,094	—	—	5,431,804
Net nonoperating revenues (expenses)	171,234,133	(3,477,611)	—	380,868	168,137,390
Income (loss) before other revenues, expenses, gains, losses, and transfers	(138,523,338)	91,870,305	(4,428)	—	(46,657,461)
Capital appropriations	12,000,000	—	—	—	12,000,000
Capital grants and gifts	250,343	—	—	—	250,343
Additions to permanent endowments	887,047	—	—	—	887,047
Interfund transfers	81,717,118	(81,701,932)	(15,186)	—	—
<b>Change in net position</b>	(43,668,830)	10,168,373	(19,614)	—	(33,520,071)
<b>Net position at beginning of year</b>	(180,038,248)	305,441,055	1,201,712	—	126,604,519
<b>Net position at end of year</b>	\$ (223,707,078)	\$ 315,609,428	\$ 1,182,098	\$ —	\$ 93,084,448

The accompanying notes are an integral part of this financial statement.

**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2020

	The University	University Medical Associates	CHS Development Company	Interfund Capital Leases Elimination	Total Primary Government
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Student tuition and fees	\$ 99,666,148	\$ —	\$ —	\$ —	\$ 99,666,148
Grants and contracts	228,919,241	—	—	—	228,919,241
Auxiliary enterprise charges	14,498,758	—	—	—	14,498,758
Receipts for services provided to Medical University Hospital Authority	129,343,025	—	—	—	129,343,025
Receipts for services of educational activities	86,191,514	—	—	—	86,191,514
Receipts from patients and third-party payors	—	517,584,332	—	—	517,584,332
Payments to employees	(445,464,066)	(317,969,678)	—	—	(763,433,744)
Payments to suppliers	(366,809,954)	(93,895,120)	(6,569)	—	(460,711,643)
Payments for scholarships and fellowships	(13,683,602)	—	—	—	(13,683,602)
Loans issued to students	(1,670,455)	—	—	—	(1,670,455)
Collection of loans to students	2,341,223	—	—	—	2,341,223
Student loan program receipts	44,686,038	—	—	—	44,686,038
Student loan program disbursements	(44,686,038)	—	—	—	(44,686,038)
Other receipts	18,657,327	47,396,446	—	—	66,053,773
Other payments	(2,041,617)	(256,310)	—	—	(2,297,927)
Net cash (used) provided by operating activities	(250,052,458)	152,859,670	(6,569)	—	(97,199,357)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
State appropriations	141,545,793	—	—	—	141,545,793
Interfund transfers received	81,717,118	—	—	—	81,717,118
Interfund transfers paid	—	(81,701,932)	(15,186)	—	(81,717,118)
Transfers to other state funds	(434,142)	—	—	—	(434,142)
Gifts made	—	(211,000)	—	—	(211,000)
Gifts and grants received	27,642,292	—	—	—	27,642,292
Interest paid on noncapital debt	(9,796)	—	—	—	(9,796)
CARES Act Provider Relief Funds	—	6,408,857	—	—	6,408,857
Principal paid on bonds and notes payable	—	(2,384,853)	—	—	(2,384,853)
Interest paid on bonds and notes payable	—	(918,604)	—	—	(918,604)
Net cash provided (used) by noncapital financing activities	250,461,265	(78,807,532)	(15,186)	—	171,638,547

The accompanying notes are an integral part of this financial statement.



**STATEMENT OF CASH FLOWS (CONTINUED)**

For the year ended June 30, 2020

	The University	University Medical Associates	CHS Development Company	Interfund Capital Leases Elimination	Total Primary Government
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from capital debt	881,657	—	—	—	881,657
Capital appropriations	2,661,946	—	—	—	2,661,946
Capital grants and gifts received	62,800	—	—	—	62,800
Proceeds from sale of capital assets	11,962,241	3,758,564	—	—	15,720,805
Purchases of capital assets	(20,271,456)	(8,410,900)	—	—	(28,682,356)
Principal paid on capital debt and leases	(8,132,555)	(2,903,755)	(1,620,000)	—	(12,656,310)
Interest paid on capital debt and leases	(7,021,818)	(1,131,609)	(235,350)	—	(8,388,777)
Payment of fees and other items	(4,290)	—	—	—	(4,290)
Net cash provided (used) in capital and related financing activities	(19,861,475)	(8,687,700)	(1,855,350)	—	(30,404,525)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Collection of interfund receivables	—	—	1,496,448	—	1,496,448
Interest received on interfund receivables	—	—	380,868	—	380,868
Purchases of investments	—	(114,850,892)	(2,234,569)	—	(117,085,461)
Proceeds from sales and maturities of investments	—	72,501,488	2,210,557	—	74,712,045
Net contributions to joint ventures	—	(226,982)	—	—	(226,982)
Net distributions from joint ventures	—	250,140	—	—	250,140
Deposits of funds with MUSCF	(887,046)	—	—	—	(887,046)
Return on deposits with MUSCF	6,833,396	509,833	39,018	—	7,382,247
Net cash provided (used) by investing activities	5,946,350	(41,816,413)	1,892,322	—	(33,977,741)
Net increase (decrease) in cash and cash equivalents	(13,506,318)	23,548,025	15,217	—	10,056,924
Cash and cash equivalents at beginning of year	401,154,434	67,930,763	702,759	—	\$ 469,787,956
Cash and cash equivalents at end of year	\$ 387,648,116	\$ 91,478,788	\$ 717,976	\$ —	\$ 479,844,880

The accompanying notes are an integral part of this financial statement.

**STATEMENT OF CASH FLOWS (CONTINUED)**

**For the year ended June 30, 2020**

	The University	University Medical Associates	CHS Development Company	Interfund Capital Leases Elimination	Total Primary Government
Cash and cash equivalents as reported in the following Statement of Net Position sections					
Current assets	\$ 305,534,700	\$ 91,478,788	\$ —	\$ —	\$ 397,013,488
Current restricted assets	33,262,848	—	717,976	—	33,980,824
Noncurrent restricted assets	48,850,568	—	—	—	48,850,568
Total cash and cash equivalents	<u>\$ 387,648,116</u>	<u>\$ 91,478,788</u>	<u>\$ 717,976</u>	<u>\$ —</u>	<u>\$ 479,844,880</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (309,757,471)	\$ 95,347,916	\$ (4,428)	\$ (380,868)	\$ (214,794,851)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	37,276,072	5,415,514	156,349	—	42,847,935
Provision for bad debts	—	48,856,873	—	—	48,856,873
Rental income, net	—	6,477,962	—	—	6,477,962
Other	—	372,893	—	—	372,893
Interest income	—	—	(419,886)	380,868	(39,018)
Interest expense	—	—	261,396	—	261,396
Changes in assets and liabilities					
Receivables	(22,023,185)	(44,570,865)	—	—	(66,594,050)
Student loans receivable	839,253	—	—	—	839,253
Due from other funds	—	9,832,053	—	—	9,832,053
Due to (from) component units	5,710,174	(245,580)	—	—	5,464,594
Prepaid items	444,092	338,225	—	—	782,317
Other assets	—	(4,100,785)	—	—	(4,100,785)
Payables and accrued liabilities	721,508	8,057,206	—	—	8,778,714
Accrued compensated absences	1,442,589	1,114,408	—	—	2,556,997
Unearned revenues	1,355,205	—	—	—	1,355,205
Due to other funds	(7,359,088)	—	—	—	(7,359,088)
Federal loan program liability	(953,728)	—	—	—	(953,728)
Pension and OPEB obligations	42,033,419	—	—	—	42,033,419
Other liabilities	218,702	25,963,850	—	—	26,182,552
Net cash provided (used) by operating activities	<u>\$ (250,052,458)</u>	<u>152,859,670</u>	<u>\$ (6,569)</u>	<u>\$ —</u>	<u>\$ (97,199,357)</u>
Noncash transactions					
Equipment acquired by capital leases	\$ 132,422	\$ (834,051)	\$ —	\$ —	\$ (701,629)
Donated equipment included in capital grants and gifts	187,543	—	—	—	187,543
Change in capital asset payables	597,282	(9,783,189)	—	—	(9,185,907)
Decrease in fair value of investments	—	(16,308,319)	—	—	(16,308,319)
Pro rata loss from joint ventures	—	(322,821)	—	—	(322,821)
Total noncash transactions	<u>\$ 917,247</u>	<u>\$ (27,248,380)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (26,331,133)</u>

The accompanying notes are an integral part of this financial statement.

**STATEMENT OF NET POSITION**  
**Discretely Presented Component Units**  
**June 30, 2020**

	Discretely Presented Component Units				
	Total Primary Government	Medical University Hospital Authority	MUSC Strategic Ventures	Medical University of South Carolina Foundation	MUSC Foundation for Research Development
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 397,013,488	\$ 344,995,313	\$ 11,206,824	\$ 13,591,892	\$ 1,176,791
Investments	181,045,235	—	—	475,373,405	487,011
Receivables, net	106,923,255	298,277,631	1,378,692	35,348,731	326,759
Student loans receivable	28,567	—	—	—	—
Due from other funds	28,101,197	—	—	—	—
Due from third-party payors	—	19,959,892	—	—	—
Due from component units	10,428,916	—	—	—	—
Due from joint ventures	—	4,354,770	—	—	—
Due from related parties	—	8,000,106	1,717,106	—	410,511
Prepaid items	5,268,858	—	—	—	—
Restricted assets					
Cash and cash equivalents	33,980,824	23,511,172	1,699,367	—	—
Investments	834,616	101,972,740	1,382,349	—	—
Due from component units	10,478,194	—	—	—	—
Student Loans receivables	977,878	—	—	—	—
Other current assets	5,506,012	162,509,050	626,275	39,446	31,065
Total current assets	780,587,040	963,580,674	18,010,613	524,353,474	2,432,137
<b>Noncurrent Assets</b>					
Investments	10,065,000	58,342,530	47,880,554	10,084,206	—
Student loans receivables	347,221	—	—	—	—
Notes receivable	—	6,121,667	—	—	—
Restricted Assets					
Cash and cash equivalents	48,850,568	—	—	—	—
Due from component units	92,156,746	—	—	—	—
Student loans receivable	10,057,157	—	—	—	—
Prepaid items	5,957,027	—	—	—	—
Investment in joint ventures	3,106,010	1,356,791	—	—	—
Capital assets, net	496,452,922	994,261,635	5,117,592	80,308,456	31,544
Other noncurrent assets	9,698,684	—	250	—	—
Total noncurrent assets	676,691,335	1,060,082,623	52,998,396	90,392,662	31,544
Total assets	1,457,278,375	2,023,663,297	71,009,009	614,746,136	2,463,681
<b>DEFERRED OUTFLOWS</b>					
Deferred loss of refunding debt	9,440,790	17,642,114	663,628	—	—
Deferred outflows - pension	74,059,534	120,739,039	—	—	—
Deferred outflows - OPEB	65,816,099	114,582,796	—	—	—
Total deferred outflows	149,316,423	252,963,949	663,628	—	—
Total assets and deferred outflows	\$ 1,606,594,798	\$ 2,276,627,246	\$ 71,672,637	\$ 614,746,136	\$ 2,463,681

The accompanying notes are an integral part of this financial statement.

**STATEMENT OF NET POSITION (CONTINUED)**

**Discretely Presented Component Units**

**June 30, 2020**

	<b>Discretely Presented Component Units</b>				
	<b>Total Primary Government</b>	<b>Medical University Hospital Authority</b>	<b>MUSC Strategic Ventures</b>	<b>Medical University of South Carolina Foundation</b>	<b>MUSC Foundation for Research Development</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables and accrued liabilities	\$ 118,276,698	\$ 250,872,217	\$ 726,919	\$ 15,586,379	\$ 141,093
Short-term debt	—	120,000,000	—	—	—
Due to other funds	28,101,197	—	—	—	—
Due to component units	18,072,051	—	—	—	—
Due to related parties	—	—	2,128,095	—	—
Unearned revenues	25,068,726	2,947,134	4,430,828	3,549,749	20,537
Long-term liabilities	30,977,695	39,381,248	2,058,419	94,806,552	6,989
Other current liabilities	7,259,429	—	661,951	2,463,422	710,018
Total current liabilities	227,755,796	413,200,599	10,006,212	116,406,102	878,637
<b>Noncurrent liabilities</b>					
Due to component unit	38,861,407	—	—	—	—
Due to related parties, net	—	—	—	—	548,808
Federal loan program liability	12,294,912	—	—	—	—
Long-term liabilities	171,844,652	804,129,894	49,647,042	34,758,602	—
Net pension liability	506,772,388	824,346,380	—	—	—
Net OPEB liability	496,173,490	744,302,324	—	—	—
Fair value of derivative instruments	8,870,055	—	—	—	—
Other noncurrent liabilities	—	—	—	17,852,400	—
Total noncurrent liabilities	1,234,816,904	2,372,778,598	49,647,042	52,611,002	548,808
Total liabilities	1,462,572,700	2,785,979,197	59,653,254	169,017,104	1,427,445
<b>DEFERRED INFLOWS</b>					
Deferred inflows - pension	3,981,415	6,530,866	—	—	—
Deferred inflows - OPEB	46,956,235	70,343,368	—	—	—
Total deferred inflows	50,937,650	76,874,234	—	—	—
Total liabilities and deferred inflows	1,513,510,350	2,862,853,431	59,653,254	169,017,104	1,427,445
<b>NET POSITION</b>					
Net investment in capital assets	343,919,727	155,273,592	—	—	—
Restricted	—	—	1,250,423	76,442,911	—
Nonexpendable	92,884,333	98,787,843	—	—	—
Expendable for					
Education	32,655,102	—	—	—	—
Loans	4,468,241	—	—	—	—
Capital projects	79,256,763	9,239,695	—	—	—
Debt service	4,538,887	—	—	—	—
Unrestricted	(464,638,605)	(849,527,315)	10,768,960	369,286,121	1,036,236
Total net position	\$ 93,084,448	\$ (586,226,185)	\$ 12,019,383	\$ 445,729,032	\$ 1,036,236

*The accompanying notes are an integral part of this financial statement.*

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**Discretely Presented Component Units**

**For the Year Ended June 30, 2020**

	<b>Discretely Presented Component Units</b>				
	Total Primary Government	Medical University Hospital Authority	MUSC Strategic Ventures	Medical University of South Carolina Foundation	MUSC Foundation for Research Development
<b>Operating Revenue</b>					
Student tuition and fees	\$ 99,828,445	\$ —	\$ —	\$ —	\$ —
Grants and contracts	230,658,935	—	—	—	1,461,398
Sales and services	201,619,210	—	—	5,877,191	—
Net clinical service revenue	470,249,956	2,017,502,433	11,930,870	—	—
Ambulatory care revenue	5,401,029	—	—	—	—
Auxiliary enterprises	14,498,758	—	—	—	—
Interest income	39,018	—	2,066,848	5,827,379	21,271
Realized gain	—	—	611,563	—	—
Management income	—	—	894,306	—	—
Contributions	—	—	—	22,241,936	—
Royalties	—	—	—	—	936,439
Other operating revenues	56,843,120	72,599,030	(138)	3,457,513	254,991
Total operating revenues	1,079,138,471	2,090,101,463	15,503,449	37,404,019	2,674,099
<b>Operating expenses</b>					
Compensation and benefits	746,491,439	822,529,036	93,784	1,068,774	1,282,171
Pension benefits	32,444,183	34,353,307	—	—	—
OPEB benefits	14,665,555	18,690,167	—	—	—
Services and supplies	443,539,212	1,164,645,258	11,784,434	623,410	1,564,756
Scholarships and fellowships	13,683,602	—	—	—	—
Interest expense	261,396	—	—	—	—
Program expenses	—	—	—	32,016,698	—
Fundraising and promotion	—	—	—	2,889,670	—
Depreciation and amortization	42,847,935	90,859,060	342,454	993,249	10,884
Total operating expenses	1,293,933,322	2,131,076,828	12,220,672	37,591,801	2,857,811
Operating income (loss)	(214,794,851)	(40,975,365)	3,282,777	(187,782)	(183,712)

*The accompanying notes are an integral part of this financial statement.*

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)**

**Discretely Presented Component Units**

**For the Year Ended June 30, 2020**

	<b>Discretely Presented Component Units</b>				
	<b>Total Primary Government</b>	<b>Medical University Hospital Authority</b>	<b>MUSC Strategic Ventures</b>	<b>Medical University of South Carolina Foundation</b>	<b>MUSC Foundation for Research Development</b>
<b>Nonoperating revenues (expenses)</b>					
State appropriations	\$ 141,545,793	\$ 57,930,226	\$ —	\$ —	\$ —
Gifts and grants	25,355,189	14,807,144	—	—	—
Gifts made	(211,000)	—	—	—	—
Investment income (losses)	(15,617,017)	9,082,004	—	(2,623,892)	2,320
Contributions	—	—	—	—	—
Interest expense	(9,904,008)	(34,686,533)	(1,333,130)	(1,271,232)	—
Gain (loss) on sale of capital assets	11,087,012	(556,139)	—	(59,554)	—
Minority interest loss	—	—	(1,020,005)	—	—
Other nonoperating revenues	15,881,421	31,453,682	34,719	460,703	—
Net nonoperating revenues (expenses)	168,137,390	78,030,384	(2,318,416)	(3,493,975)	2,320
Income (loss) before other revenues, expenses, gains, losses, and transfers	(46,657,461)	37,055,019	964,361	(3,681,757)	(181,392)
Capital appropriations	12,000,000	—	—	—	—
Capital grants and gifts	250,343	—	—	—	—
Additions to permanent endowments	887,047	—	—	—	—
<b>Change in net position</b>	<b>(33,520,071)</b>	<b>37,055,019</b>	<b>964,361</b>	<b>(3,681,757)</b>	<b>(181,392)</b>
<b>Net position - noncontrolling interest</b>	<b>—</b>	<b>—</b>	<b>1,250,423</b>	<b>—</b>	<b>—</b>
<b>Net position at beginning of year</b>	<b>126,604,519</b>	<b>(623,281,204)</b>	<b>9,804,599</b>	<b>449,410,789</b>	<b>1,217,628</b>
<b>Net position at end of year</b>	<b>\$ 93,084,448</b>	<b>\$ (586,226,185)</b>	<b>\$ 12,019,383</b>	<b>\$ 445,729,032</b>	<b>\$ 1,036,236</b>

The accompanying notes are an integral part of this financial statement.

# NOTES TO FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Medical University of South Carolina (the University), established in 1824, is a public institution of higher learning, the purpose of which is to preserve and optimize human life in South Carolina and beyond. The University provides an environment for learning and discovery through education of health care professionals and biomedical scientists, research in the health sciences, and provision of comprehensive health care. The University and its component units are presented as a discretely presented component unit in the Comprehensive Annual Financial Report of the State of South Carolina.

### **Financial Statement Presentation**

The financial statements of the University have been prepared in accordance with U.S. generally accepted accounting principles, as prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, and Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*. The financial statement presentation provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position, and cash flows, where applicable.

### **Reporting Entity**

The financial reporting entity, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and further amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Based on the criteria provided by GASB Statement No. 39, the financial statements include the accounts of the University, as the primary government, and the accounts of the entities referenced below as component units.

The University implemented GASB Statement No. 61, an amendment to GASB Statements No. 14 and No. 34. While this pronouncement did not significantly change the definition of a component unit, it did change the criteria for inclusion as a blended component unit. As applied to the University, the modified criteria for inclusion as a blended component unit require that a blended unit (a) have a substantively similar governing board, and either provide a financial benefit or impose a financial burden on the University or be operationally managed by the University; or (b) exclusively or almost exclusively benefit the University even though it may not provide services exclusively to the University; or (c) rely on University resources to repay the component unit's debt.

The University determined that none of aforementioned modified criteria apply to the University's relationship with the Medical University Hospital Authority (the Authority). In particular, the University does not have operational responsibility for the Authority and does not receive a financial benefit or incur a financial burden from its relationship with the Authority under GASB 61. Therefore, the University determined that the Authority would be considered a discretely presented component unit of the University. Furthermore, due to the significance of its relationship with the University, the Authority is considered a major discretely presented component unit.

### **Blended Component Units**

The University's blended component units, although legally separate from the University, are so intertwined with it that they are, in substance, the same as the primary entity. University Medical Associates (UMA), Medical University Facilities Corporation (MUFC), and CHS Development Company (CHS) are considered to be governmental entities that conduct business-type activities. Their balances and transactions are blended with those of the University and reported as if they were balances and transactions of the primary entity. UMA is reported as a major fund and CHS is reported as a nonmajor fund. For the year ended June 30, 2020, MUFC had no activity.

### **Major Blended Fund**

University Medical Associates of The Medical University of South Carolina (UMA) was organized as a nonprofit corporation under the laws of South Carolina on June 3, 1991 and has received tax-exempt status recognition from the Internal Revenue Service. UMA was established by the Board of Trustees of the Medical University of South Carolina to benefit the programs and further the mission of the University. UMA bills, collects, and administers all clinical income generated by its participating physicians and provides the professional clinical faculty of the University and other health professionals with the development of group practice arrangements. UMA operates as a multi-specialty group practice of medicine and related services in the furtherance of medicine, medical research, and education. UMA is considered a component unit because the University is financially accountable for UMA, has appointment authority over a majority of the UMA board, and is able to affect UMA's operations. UMA is a blended component unit because it almost exclusively benefits the University even though UMA does not provide all of its services directly to the University. In addition, the bylaws of UMA provide for all of its assets to be transferred to the University upon its dissolution.

UMA has formed for-profit and nonprofit subsidiaries for the purpose of creating a primary care network by establishing satellite and affiliate offices and contracting with area physicians to provide primary care and other services. Carolina Family Care, Inc. (CFC) and Carolina Primary Care Physicians, P.A. (CPCP) are organized as for-profit corporations under South Carolina law, whereas Carolina Health Management Services (CHMS) is organized as a nonprofit public benefit corporation. During fiscal year 2014, UMA established a new taxable corporate subsidiary, Comprehensive Psychiatric Care Specialists (CPS). During fiscal year 2017, UMA established a new entity, MUSC Health Partners (MHP), as a support organization. Since all of these companies serve an essentially identical purpose, all financial activities of these companies are blended into the financial statements of UMA. Some of UMA's component units are income taxable under state and federal law. UMA's component units do not issue separate financial statements.

UMA is financially accountable for its component units because UMA is able to impose its will on the organizations, there is a potential for the organizations to provide specific financial benefits to or impose specific financial burdens on UMA, and there is a fiscal dependency by the organizations on UMA. As required by U.S. generally accepted accounting principles, the University's financial statements include UMA and its



component units. Copies of the separately issued financial statements of UMA can be obtained by sending a request to the following address: University Medical Associates, 1180 Sam Rittenberg Blvd., Suite 355, Charleston, SC 29407.

### **Nonmajor Blended Fund**

Medical University Facilities Corporation (MUFC) is a nonprofit corporation established in 1992 to obtain the financing for the University to purchase land, an office building, and a parking garage. A majority of the members of the Board of Directors of MUFC are employees of the University or members of the University's Board of Trustees. The agreement between the University and MUFC requires the University to pay all costs incurred by MUFC. MUFC is considered to be a component unit because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. MUFC is a blended component unit since it relies on the University's resources to service its debt. MUFC does not issue separate financial statements. For the year ended June 30, 2020, MUFC had no activity.

CHS Development Company (CHS) is a nonprofit corporation organized under the laws of South Carolina on August 27, 2002 to develop and lease property for the University. The development of the property furthers the public educational goals of the University by providing necessary classroom, office, and parking space. CHS is considered to be a component unit because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. CHS is a blended component unit since it relies on the University's resources to service its debt. CHS does not issue separate financial statements.

### **Discretely Presented Component Units**

Under criteria set forth in GASB Statement No. 61, the Medical University Hospital Authority (the Authority) is reported as a discretely presented component unit of the University. As described above, based on the criteria in GASB Statement No. 39, the University reports the Medical University of South Carolina Foundation (MUSCF), the MUSC Foundation for Research Development (MFRD), and MUSC Strategic Ventures (MSV) as discretely presented component units in its financial statements.

#### **Major Discretely Presented Component Unit**

The Medical University Hospital Authority (the Authority) was created on June 16, 2000, for the purpose of managing and operating the Medical University Hospitals and Clinics. While the legislation establishing the Authority as a stand-alone healthcare system requires that the members of the University's Board of Trustees also constitute the Board of Trustees of the Authority, the Authority's component unit relationship to the University arises principally because the nature and significance of its relationship with the primary government is such that exclusion would cause the University's financial statements to be misleading or incomplete. The Authority is considered a discretely presented unit because, while it does have the same governing board as the University, it does not provide a significant financial benefit to or impose a financial burden on the University. The Authority receives its own state appropriations passed through the University from the South Carolina General Assembly, independent of the appropriations granted and mandates made to the University. It is considered a major discretely presented component unit because of the significance of its relationship with the University. Copies of the separately issued financial statements of the Authority can be obtained by sending a request to the following address: Medical University Hospital Authority, Chief Financial Officer, P.O. Box 250332, Charleston, SC 29425.

#### **Nonmajor Discretely Presented Component Units**

The Medical University of South Carolina Foundation (MUSCF) was incorporated in July 1966 under the laws of South Carolina as an educational, charitable, eleemosynary foundation to promote educational, research, clinical and other facilities and programs of the University. In 2005, MUSCF expanded its purpose by amending its bylaws to promote the same types of programs through the Authority. MUSCF acts primarily as a fundraising organization to supplement the resources that are available to the University and the Authority in support of its programs. Although the University does not control the timing or amount of receipts from MUSCF, the majority of resources or income thereon that MUSCF holds and invests is restricted by the donors for support of the activities of the University and the Authority.

The MUSCF reporting entity includes the Parking Garage Associates, LLC, (PGA), 135 Cannon Street, LLC, and 55 Bee Street, LLC, all of which are single member limited liability companies and wholly owned subsidiaries of MUSCF. PGA owns and leases a parking garage to the University. 135 Cannon Street, LLC owns and leases an office building and parking lot to the University. 55 Bee Street, LLC owns and leases an office building to the University.

Because the restricted resources held by MUSCF can only be used by, or for the benefit of the University or the Authority, and if MUSCF is dissolved, its assets shall be transferred to the University, MUSCF is considered a discretely presented component unit of the University. Copies of the separately issued financial statements of the MUSCF can be obtained by sending a request to the following address: MUSC Foundation, 18 Bee Street, P.O. Box 250450, Charleston, SC 29425-4500.

MUSC Foundation for Research Development (MFRD) was incorporated in March 1995 as a direct support organization for the University. The mission of MFRD is to support the educational, research, and health care mission of the University by fostering creativity and innovation. Additionally, MFRD is charged with providing the mechanisms by which the University's scientific discoveries, inventions and processes may be developed, applied, or patented, and the means by which funds generated by such discoveries or patents can be used to stimulate and promote further investigation and research at the University.

Based on its close relationship with the University, MFRD is deemed to be financially integrated with the University; therefore, MFRD is reported as a discretely presented component unit of the University. Copies of the separately issued financial statements of MFRD can be obtained by sending a request to the following address: MUSC Foundation for Research Development, 135 Cannon Street, Suite 101L MSC 828, Charleston, SC 29425.

MUSC Strategic Ventures (MSV) was incorporated on September 2, 2015 pursuant to the South Carolina Nonprofit Corporation Act exclusively to allow affiliation with tax-exempt entities to operate for charitable, scientific, and educational purposes and to promote and support the educational, medical, scientific and research purposes of the University and UMA.

MSV has formed a for-profit subsidiary, MSV Health, Inc. (MHI). MHI was incorporated on August 10, 2016 pursuant to the State of Delaware to allow affiliation with taxable entities to promote and support the educational, medical, scientific and research purposes of the University and UMA. The financial activities of MHI are consolidated with MSV and thus MHI does not issue separate financial statements.

Based on its close relationship with the University and UMA, MUSC Strategic Ventures is deemed to be financially integrated with the University; therefore MUSC Strategic Ventures is reported as a discretely presented component unit for the University.

## ***Basis of Accounting***

For financial reporting purposes, the University, along with its governmental component units, is considered a special purpose government engaged only in business-type activities. Accordingly, the financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Student tuition is presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly to recipients are presented as scholarship and fellowship expenses. All significant interfund transactions and balances have been eliminated.

The Medical University of South Carolina Foundation and MUSC Foundation for Research Development are private nonprofit organizations that report under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. MUSCF and MFRD net assets are presented as net position.

## ***Cash and Cash Equivalents***

The University and its governmental component units generally consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. However, guaranteed investment contracts held by the nonmajor funds are classified as short-term investments. Funds invested through the State's internal cash management pool administered by the State Treasurer's Office are considered cash equivalents because the pool operates as a demand deposit account.

## ***Investments and Investment Income***

Investments are carried at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Investment income or loss from investment (including realized and unrealized gains and losses on investments and interest) is reported as nonoperating revenue.

## ***Receivables***

The University's receivables consist primarily of tuition and fee charges to students and amounts due from government and private sources in connection with reimbursement of allowable expenses under grants and contracts.

Pursuant to an amendment to the South Carolina Medicaid Plan, approved by the US Department of Health and Human Services on September 20, 2002 to be effective retroactive to October 1, 2001, the University receives certain supplemental Medicaid payments for inherent inefficiencies of providing care to Medicaid patients while instructing medical students. As of June 30, 2020, the University has recorded a net payable to Medicaid of \$12,486,796.

UMA grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements.

Bad debt and contractual allowances for loans receivable and various accounts receivable, including patient accounts receivable, for the University and UMA are established based upon losses and adjustments experienced in prior years and evaluations of the current account portfolios.

## ***Prepaid Items***

Expenditures for insurance and similar services paid for in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods. For the University, prepaid items consist primarily of insurance premiums, subscriptions, maintenance contracts, and deposits on equipment not yet received. UMA's prepaid items consist of prepaid rent.

## ***Capital Assets***

Capital assets are recorded at cost at the date of acquisition or, if received as a gift, at fair market value at the date of donation. The University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of one year, and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. The University and UMA capitalize, as a component of construction in progress, interest cost in excess of earnings on debt associated with the capital projects. No interest was capitalized in fiscal year 2020 for either the University or UMA. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 5 to 50 years for buildings, building services, and land improvements, and 3 to 20 years for machinery, equipment, vehicles, and software.

## ***Compensated Absences***

Employee vacation pay expense is accrued in accordance with GASB Statement No. 16, as modified by GASB Statement No. 68. The liability is recorded as payables and accrued liabilities in the Statement of Net Position (see note 11) and the related expense is a component of compensation and employee benefits expense in the Statement of Revenues, Expenses and Changes in Net Position.

## ***Unearned Revenues***

Unearned revenues include net tuition and fees received prior to the end of the fiscal year which relate to a subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

## Derivative Instruments

The University and its blended units account for its derivative instruments in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The University and its blended units classify derivative instruments into hedging derivative instruments and investment derivative instruments. If a derivative is classified as an effective hedging derivative instrument, changes in its fair value are deferred on the Statement of Net Position as either deferred inflows or deferred outflows. If the derivative is classified as an investment derivative instrument or an ineffective hedging derivative, changes in its fair value are reported in investment income on the Statement of Revenues, Expenses and Changes in Net Position in the period in which the changes occur. The University and its blended units formally assess the effectiveness of hedging derivative instruments at each year-end. UMA formally assesses the effectiveness of its hedging derivative instruments using Regression Analysis. During February 2018, the impact of the Tax Cuts and Jobs Act was realized as the interest rates on its outstanding bonds were increased due to the lowering of the maximum corporate tax rate in accordance with the Master Trust Indenture. The new higher interest rate resulted in the derivative instrument no longer being an effective hedging instrument. In accordance with GASB Statement No. 53, the increase in the negative value of the derivative instrument during the year ended June 30, 2020 of \$4,522,060 was recorded as a reduction of investment income.

## Deferred Loss on Refunding of Debt

In transactions involving refunding of debt, the difference between the reacquisition price (total cost of new debt) and the net carrying value of the old debt is deferred and amortized to interest expense over the shorter of the remaining life of the old debt or the life of the new debt. The unamortized amount of the deferred loss on refunding of debt is reflected as a deferred outflow.

## Net Position

The net position of the University and the governmental component units is classified as follows:

*Net investment in capital assets* - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt incurred to acquire or construct the assets. To the extent debt has been incurred but not yet expended for capital assets, it is not included as a component of the net investment in capital assets.

*Restricted net position – nonexpendable* - Nonexpendable restricted net position consists of endowment funds which donors or other outside sources have stipulated, as a condition of the gift instrument, must be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

*Restricted net position – expendable* - Restricted expendable net position includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

*Unrestricted net position* - Unrestricted net position represents resources that are not subject to externally imposed restrictions and may be used to meet current expenses for any purpose. These resources also include those of auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred for a purpose for which both restricted and unrestricted resources are available, the University policy is to first apply the restricted resources, then the unrestricted resources.

## Classification of Revenues and Expenses

The University and the governmental component units have classified revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenues and expenses generally result from exchange transactions such as providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues of the University include: (1) tuition and fees received in exchange for providing educational services to students; (2) grants and contracts that are essentially the same as contracts for services and that finance programs the University would not otherwise undertake; and (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University. Operating expenses primarily consist of payments of compensation and employee benefits and purchases of services and supplies.

Transactions deemed by UMA to be related to its clinical services' offerings or to the use of its facilities and personnel for educational purposes are reported as operating revenues and operating expenses. Peripheral or incidental transactions are reported as nonoperating revenues and expenses. The principal operating revenues of UMA are patient services revenues.

CHS reports interest income and interest expense as operating revenue and expense because investing and financing constitute their principal ongoing operations.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts, contributions and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes, State appropriations, investment income (except for MUFC and CHS), and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34. The principal nonoperating expenses are interest (except for MUFC and CHS), transfers to other State funds and gifts made.

During the fiscal year ended June 30, 2020, UMA received \$10,953,497 under the CARES Act Provider Relief Funds through the US Department of Health and Human Services to cover various revenue losses experienced due to the mandated service restrictions during the COVID-19 pandemic. These funds have required terms and conditions that must be met and are subject to Single Audit by UMA's auditors. Any amount of these funds that may be disallowed cannot be determined at this time and UMA believes that any amount will be immaterial.

## Scholarship Allowances

Student tuition and fee revenues are recorded net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Position. A scholarship allowance is defined as the difference between the stated charge for goods and services provided by the University and the amount that is paid by the student and/or third parties making payments on behalf of the student.

## **Net Clinical Service Revenue**

UMA has agreements with third-party payors, including Medicare and Medicaid, that provide for reimbursement at amounts different from established rates. Net clinical service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors, and a provision for uncollectible accounts. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. UMA is reimbursed by its major insurers (Medicare, Medicaid, Blue Cross, etc.) based upon a fee schedule it has developed for physician services.

## **Charity Care**

UMA provides care to patients who meet certain criteria under charity care policies without charge or at amounts less than established rates. Since management does not expect payment for charity care, the estimated charges are excluded from revenue.

## **Sales and Services of Educational and Other Activities**

Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services, which may be sold to students, faculty, staff, and the general public. The University receives such revenues primarily from seminar fees, clinic services, pharmacy sales, and sales of other services. This category includes supplemental Medicaid payments received as reimbursement to providers associated with teaching hospitals and clinics.

## **Interfund Transfers and Balances**

Transfers of funds between blended component units are accounted for as Interfund Transfers. The principal purpose of Interfund Transfers is to support the academic department activities of the University.

Transfers of funds to entities external to the Primary Government are presented as Transfers to Other State Funds.

Amounts owed to (by) the Primary Government by (to) discretely presented component units are presented as Due from (to) Component Unit(s). Activities between blended component units that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are presented as Interfund Receivables and Interfund Payables. All other outstanding balances between blended component units, which are primarily related to services provided or used, are presented as Due to/from Other Funds.

## **Income Taxes**

The University and the Authority, as political subdivisions of the State of South Carolina, are exempt from federal income taxes. The income of the University is exempt under Section 115(1) of the Internal Revenue Code, as amended. The Authority is also recognized as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income tax under Section 501(a) of the Internal Revenue Code.

UMA, CHS, MUSC Strategic Ventures, MUSCF, and MFRD are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income under Code Section 501(a). However, UMA does have three for-profit subsidiaries and a nonprofit subsidiary which are all subject to federal income tax.

## **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principle requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from these estimates. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

## **New Accounting Pronouncements**

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017. The objective of this Statement is to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the University in fiscal year 2021. The University is in the process of evaluating the impact of GASB Statement No. 84.

GASB Statement No. 87, *Leases*, was issued in June 2017. This Statement requires recognition of assets and deferred outflows of resources and liabilities and deferred inflows of resources for leases previously classified as operating leases, based on the payment provisions of the contract. This statement applies to all leases with a term greater than one year. This statement will be effective for the University and UMA in fiscal year 2022. The University and UMA are in the process of evaluating the impact of GASB Statement No. 87.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, was issued in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement will be effective for the University in fiscal year 2022. The University is in the process of evaluating the impact of GASB Statement No. 89.

GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, was issued in August 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement will be effective for the University in fiscal year 2021. The University is in the process of evaluating the impact of GASB Statement No. 90.

GASB Statement No. 91, *Conduit Debt Obligations*, was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement will be effective for the University in fiscal year 2023. The University is in the process of evaluating the impact of GASB Statement No. 91.

## 2. DEPOSITS AND INVESTMENTS

The following schedule reconciles deposits and investments to the Statement of Net Position:

	The University	UMA	CHS Development Company
Statement of Net Position:			
Current assets			
Cash and cash equivalents	\$ 305,534,700	\$ 91,478,788	—
Investments	—	181,045,235	—
Restricted assets			
Cash and cash equivalents	33,262,848	—	717,976
Investments	—	—	834,616
Noncurrent assets			
Investments	—	10,065,000	—
Restricted assets			
Cash and cash equivalents	48,850,568	—	—
Total Statement of Net Position	<u>\$ 387,648,116</u>	<u>\$ 282,589,023</u>	<u>\$ 1,552,592</u>
Disclosure, deposits and investments plus reconciling items:			
Carrying value of deposits			
Held by State Treasurer	\$ 387,598,229	\$ —	\$ —
Other	—	40,733,861	377,708
Investments, reported amount			
Unrestricted	—	241,795,391	—
Restricted	—	—	1,174,884
Cash on hand	49,887	59,771	—
Total notes plus reconciling items	<u>\$ 387,648,116</u>	<u>\$ 282,589,023</u>	<u>\$ 1,552,592</u>

### ***Deposits Held by State Treasurer***

All deposits of the University are under the control of the South Carolina State Treasurer, who, by law, has sole authority for investing State funds. Information pertaining to the reported amounts, fair values, and various risks of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

### ***Other Deposits***

UMA and its blended component units maintain their cash accounts in commercial banks. Accounts are guaranteed by the Federal Depositary Insurance Corporation (FDIC) up to \$250,000 for both demand and time deposits per depositor. At June 30, 2020, the carrying amount of deposits was \$40,733,861. Bank balances before reconciling items were \$43,422,422. Of these unrestricted bank balances, \$3,440,372 was insured by the FDIC and the remainder was uninsured and uncollateralized.

## **Investments**

As of June 30, 2020, the investment balances were as follows:

Investment	Carrying Value	Maturities	Interest Rate	Credit Rating
<b>University Medical Associates</b>				
Certificates of deposit	\$ 200,000	06/08/2021	0.25%	N/A
Cash held by fiscal agent	184,975	N/A	N/A	N/A
Auction rate debt securities:				
Merrill Lynch Bonds	10,065,000	12/01/2026	0.78%	Baa1/A+
Commercial paper	26,410,385	08/27/2020 - 01/05/2021	—%	P2/A2
Corporate bonds	15,584,573	07/22/2020 - 02/05/2024	1.88 - 6.00%	A+-BBB+
Money market funds:				
Wells Fargo Bank Institutional	7,139,813	39 days	0.01%	N/R
Federated Prime Mortgage Obligations Inst.	43,360,367	39 days	0.12%	N/R
Mutual Funds:				
Bond funds - domestic	22,762,284	N/A	1.31%	N/A
Bond funds - foreign	11,327,843	N/A	1.09%	N/A
Equity funds - domestic	65,415,224	N/A	1.46%	N/A
Equity funds - foreign	39,344,927	N/A	1.19%	N/A
Total UMA investments	<u>\$ 241,795,391</u>			
<b>Nonmajor Enterprise Fund</b>				
CHS Development Company				
SANTANDER UK PLC	\$ 834,616	12/10/2020	—%	N/A
Money market funds:				
TD Bank Deposit Sweep	340,268	N/A	0.01%	N/A
Total CHS investments	<u>\$ 1,174,884</u>			

UMA's investment loss comprises of the following for the fiscal year ended June 30, 2020:

Net decrease in fair value of investments	\$ (11,786,259)
Change in valuation of derivative instruments	(4,522,060)
Interest income and realized gains and losses	453,322
Loss from joint venture	(322,821)
Total	<u>\$ (16,177,818)</u>

The University and its component units report investments at fair value and categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy classifies investments using following three levels:

Level 1- Investments reflect prices quoted in active markets.

Level 2- Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment risk.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are subject to pricing by an alternative pricing source due to lack of information available from the primary vendor. There are no investments or derivatives classified in Level 3.

Derivative instruments classified in Level 2 of the fair value hierarchy are valued by independent financial advisors using the zero-coupon method.



UMA has the following investments and derivative instruments valued using fair value measurements as of June 30, 2020:

<b>Fair Value Measurements Using</b>				
	<b>6/30/2020</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Investments by fair value level</b>				
Cash and cash equivalents	\$ 50,685,156	\$ 50,685,156	\$ —	\$ —
Debt Securities				
Bond mutual funds	22,173,288	22,173,288	—	—
Certificates of deposit	200,000	—	200,000	—
Commercial paper	26,410,385	—	26,410,385	—
Corporate bonds	15,584,573	—	15,584,573	—
Auction rate securities	10,065,000	—	10,065,000	—
Total debt securities	74,433,246	22,173,288	52,259,958	—
Equity securities				
Domestic equity mutual funds	63,451,370	63,451,370	—	—
Foreign equity mutual funds	36,188,568	36,188,568	—	—
Total Equity Securities	99,639,938	99,639,938	—	—
Total investments by fair value level	\$ 224,758,340	\$ 172,498,382	\$ 52,259,958	\$ —
<b>Investments measured at the net asset value (NAV)</b>				
Multi-strategy hedge funds	10,315,987			
Private equity funds	6,721,064			
Total investments measured at fair value	\$ 241,795,391			
<b>Derivative instruments</b>				
Interest rate swap	\$ (8,870,055)	\$ —	\$ (8,870,055)	\$ —

Information related to investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

	<b>Fair Value</b>	<b>Investments Measured at NAV Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>
Multi-strategy hedge funds (1)	10,315,987	Monthly	30 days
Private equity funds (2)	\$ 6,721,064	See note 2 below	See note 2 below
Total investments measured at the NAV	\$ 17,037,051		

1. Multi-strategy hedge fund. This hedge fund uses multiple investing strategies in order to diversify risks and reduce volatility. The hedge fund's composite portfolio includes investments in US index funds.

2. Private equity funds. These three funds use separate specific strategies to try and maximize investor returns through investments in single tenant commercial real estate, financially distressed emerging markets, and investing in securities or obligations where the fund believes there is a low likelihood of default. One fund allows limited withdrawals quarterly. The other two funds do not allow redemptions.



CHS Development Company has the following investments valued using fair value measurements as of June 30, 2020:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Observable Inputs
	6/30/2020	(Level 1)	(Level 2)	(Level 3)
Investments by fair value level				
Debt Securities				
SANTANDER UK PLC	\$ 834,616	\$ 834,616	\$ —	\$ —
Total debt securities	834,616	834,616	—	—
Money Market Funds				
TD Bank Deposit Sweep	340,268	340,268	—	—
Total money market funds	340,268	340,268	—	—
Total investments by fair value level	\$ 1,174,884	\$ 1,174,884	\$ —	\$ —

### Custodial Credit Risk

Custodial credit risk is the risk that the investor will not be able to recover the value of its investments that are in the possession of its safekeeping custodian.

To minimize this risk, UMA's investment policy requires that all negotiable instruments shall be held in safekeeping in the trust department of a bank. All investments are held in UMA's name by a safekeeping agent that is independent of all counterparties. UMA does not have a policy related to insurance or collateralization of deposits.

### Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations.

UMA has structured its cash resources in order to ensure preservation of principal and maximize investment returns subject to cash flow requirements and manage credit risk within its portfolio. UMA has adopted two investment policies depending on whether the funds are invested on a self-directed or professionally managed basis. The self-directed investment policy approved by the UMA Board of Directors allows investment in money market mutual funds, U.S. Treasury and Agency obligations, obligations of U.S. or foreign banks rated A1/P1 by Standard & Poors (S&P) or Moody's Investor Services (Moody's), repurchase agreements with major banks collateralized by U.S. Treasury obligations, Eurodollar time deposits rated A or higher, commercial paper rated A2/P2/F2 or higher, and other corporate obligations including bonds and medium term notes rated A+ or A1 or higher.

CHS Development Company has adopted an investment policy approved by the CHS Board of Directors that allows investments in bonds, notes, bills, futures contracts and pass-through securities, obligations of U.S. or foreign banks rated as A1/P1 by Standard & Poors and all other marketable debt obligations issued or guaranteed by the US Government or its Agencies, repurchase agreements fully collateralized by US Government securities, bonds and all other marketable debt obligations of US corporations which have a composite average portfolio quality rating of "A" or better as rated by Moody's Investor Services (Moody's), or comparable by S&P. Individual issues shall have a minimum investment quality rating of BBB (S&P) or Baa (Moody's).

### Concentration of Credit Risk

An increased risk of loss occurs as more investments are acquired from one issuer.

UMA's professionally managed portfolio includes both equity and fixed income investments. As of June 30, 2020, fixed income investments comprise 36%, while equities comprise 64% of the total. Allowable fixed income investments include obligations issued or guaranteed by the US Government, mortgage backed securities including GNMA, FNMA and FHLMC, other asset-backed securities, corporate debt securities, taxable municipal securities, short-term obligations including commercial paper, and debt of developed foreign sovereign nations as well as closely monitored emerging markets sovereign debt, commercial bonds and senior debt. The policy allows investment in instruments with maturity from one to two and a half years with the average credit quality to be no lower than A/Aa by S&P and Moody's. No more than 10% may be invested in a single issuer except for the U.S. Government and its agencies. This limit may be exceeded with the approval of the Board of Directors of UMA. As of June 30, 2020, UMA has no investments in securities of a single issuer other than the U. S. Government that comprise more than 10% of its total unrestricted portfolio.

The equity portion of UMA's professionally managed investment policy provides for domestic and international equities, real estate funds, and alternative investments, including hedge funds, private equity funds, energy limited partnerships, commodities, and derivative securities, with all having diversification among issuers, class of issuers and industrial sectors. UMA's policy is to limit investment in any one equity issuer to 5% and limit investment in a particular market segment to 20% of the total portfolio balance. Alternative investments shall not exceed 25% of the fund's total market value unless approved by the Executive Committee of the Board of Directors of UMA. Alternative investments are measured at net asset value (NAV) as a practical expedient to fair value. As of June 30, 2020, UMA has no investment holdings which exceed these thresholds.

CHS investments are in relatively conservative financial instruments. As of June 30, 2020, fixed income securities in debt obligations comprise 71% while cash and cash equivalents comprise 29% of total investments. Fixed income investments include SANTANDER UK PLC.

## Foreign Currency Risk

The risk that UMA and CHS may suffer losses due to holding investments denominated in foreign currencies that may arise from changes in exchange rates is called foreign currency risk. UMA's and CHS' investment policy does not address this risk but UMA and CHS have investments in foreign equity funds that record all of their activity in US dollars only. While the underlying investments may be denominated in their foreign currencies, any exchange gains or losses are already reported in the funds statements when the assets are marked to market value.

## Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value.

UMA, in accordance with its self-directed investment policy, manages its exposure to interest rate risk by limiting the maturities of investments to no longer than 60 months for any individual security and no longer than 18 months average for the entire portfolio. As June 30, 2020, investments subject to this policy were the certificates of deposit, corporate and auction rate securities, commercial paper, and money market funds.

CHS has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

## Investments in Joint Ventures

UMA accounts for investments in joint ventures using the equity method. If UMA is a 20 percent or more owner and is able to exercise significant influence over the partnership, then UMA records the investment under the equity method, whereby UMA's percentage of the net profit or loss increases or decreases the carrying value of the investment and this gain or loss is reported in the Statement of Revenues, Expenses and Changes in Net Position.

During the fiscal year ended June 30, 2000, CPCP entered into a joint venture with several physicians and medical practices by purchasing a 35 percent interest in Lowcountry Real Property, LLC (LCRP) which holds title to certain real estate located in Beaufort County, South Carolina. During the fiscal year ended June 30, 2010, there was a reallocation of partnership interests from withdrawing partners bringing CPCP's total interest in the capital of LCRP to 43.35 percent. The operating agreement of LCRP states that all powers to control normal operations are exercised exclusively by the managers, who are three individuals physician members, except for veto authority over certain transactions affecting the acquisition and disposition of significant assets or changes to the members of each partnership. CPCP is prohibited from serving as a manager but no other party has a controlling interest. This joint venture is accounted for using the equity method of accounting. In late 2018, LCRP sold the real property and its proceeds were distributed among the members, including CPCP. However, an error in the allocation methodology was detected after CPCP received its K-1 in July 2020 reflecting that CPCP received less than what it was entitled to, and CPCP and the members are engaged in actions to correct the improper allocation along with ultimately dissolving the LLC.

On February 10, 2004, UMA entered into a joint venture, with an effective date of August 5, 2003, with Georgetown Hospital System to form Georgetown Radiation Therapy Center, LLC (GRTC) to provide radiation therapy for patients of Georgetown County, South Carolina. UMA received a one percent equity interest for a contribution of \$1,000. Pursuant to a licensing agreement, in exchange for GRTC's use of UMA's intellectual property, UMA has been entitled to receive an additional one percent equity interest in GRTC for each \$100,000 of cumulative net income the entity produces up to a maximum of ten percent. In prior years, UMA received an additional nine percent interest in the partnership as a result of increases in accumulated earnings bringing the total interest in GRTC to the maximum ten percent. On September 1, 2014, UMA purchased an additional 39% interest in Georgetown Hospital System to increase its total ownership percentage to 49 percent for the purchase price of \$975,000. GRTC is governed by an executive committee which is comprised of nine directors with UMA appointing four of these directors. This investment is reported on the equity method of accounting and as of June 30, 2020 had a carrying value of \$2,577,165.

On May 23, 2016, UMA entered into a joint venture with MUHA to form MUSC Health Alliance, LLC (MHA). MHA was formed to qualify and operate as an accountable care organization (ACO) participating in the Medicare Shared Saving Program (MSSP) within the meaning of Section 1899 of the Social Security Act. UMA has a 55% membership interest with MUHA having the remaining 45% membership interest. As of June 30, 2017, UMA made a capital contribution of \$943,156 to fund its share of the escrow account required by MSSP and recorded MUHA's minority interest of \$651,962 on the statement of net position. MHA is governed by a Board of Directors consisting of eight directors with UMA appointing four directors. MHA is combined into the financial statements of UMA and does not issue separate stand-alone financial statements.

The following schedule reflects the changes in the carrying value of UMA's joint venture investments included in Investments in joint ventures in the accompanying statement of net position:

	LCRP	GRTC	Total
UMA's carrying value at June 30, 2019.	\$ 780,223	\$ 2,671,766	\$ 3,451,989
Capital contribution made in fiscal year 2020	—	226,982	226,982
Distributions received	(250,140)	—	(250,140)
UMA's share of partnership income for fiscal year 2020	(1,238)	(321,583)	(322,821)
UMA's carrying value at June 30, 2019.	<u>\$ 528,845</u>	<u>\$ 2,577,165</u>	<u>\$ 3,106,010</u>

### 3. RECEIVABLES

Receivables at June 30, 2020, net of applicable allowances, were as follows:

	The University	UMA
Student accounts	\$ 1,780,906	\$ —
Patient accounts	—	191,075,610
Less allowances for:		
Contractual adjustments	—	(124,182,755)
Uncollectibles	—	(21,292,448)
Federal grants and contracts	18,221,877	—
State grants and contracts	921,935	—
Nongovernmental grants and contracts	4,184,010	—
Interest	1,899,869	—
Medicaid supplemental reimbursement, net	12,486,796	—
State capital appropriation	13,169,300	—
Other	2,477,160	6,180,995
Receivables, net	<u>\$ 55,141,853</u>	<u>\$ 51,781,402</u>

### 4. RESTRICTED ASSETS

The purposes and amounts of restricted assets at June 30, 2020 were as follows:

Asset/Restricted for	The University	CHS Development Company
Current:		
Cash and cash equivalents:		
Debt service	\$ 4,916,355	\$ 717,976
Research and education	28,346,493	—
Total cash and cash equivalents	<u>\$ 33,262,848</u>	<u>\$ 717,976</u>
Investments:		
Debt service	<u>\$ —</u>	<u>\$ 834,616</u>
Due from component units		
Earnings on deposits with MUSCF	<u>\$ 10,478,194</u>	<u>\$ —</u>
Interfund receivables:		
Debt service	<u>\$ —</u>	<u>\$ 1,563,060</u>
Student loans receivable:		
Student loan programs	<u>\$ 977,878</u>	<u>\$ —</u>
Noncurrent:		
Cash and cash equivalents:		
Capital projects	\$ 45,401,787	—
Student loan programs	2,679,717	—
Trust fund investment	769,064	—
Total cash and cash equivalents	<u>\$ 48,850,568</u>	<u>\$ —</u>
Due from component units		
Deposits with MUSCF	<u>\$ 92,156,746</u>	<u>\$ —</u>
Interfund receivables:		
Debt service	<u>\$ —</u>	<u>\$ 6,350,478</u>
Student loans receivable:		
Student loan programs	<u>\$ 10,057,157</u>	<u>\$ —</u>

## 5. CAPITAL ASSETS

### University and Blended Component Units

Capital asset activity for the year ended June 30, 2020 for the University and its blended component units was as follows:

	Beginning Balance	Additions	Transfers / Retirements	Ending Balance
<b><u>The University</u></b>				
Capital assets not being depreciated				
Land	6,349,084	\$ —	\$ —	\$ 6,349,084
Construction in progress	1,638,562	10,685,779	(2,919,341)	9,405,000
Total capital assets not being depreciated	7,987,646	10,685,779	(2,919,341)	15,754,084
Other capital assets				
Depreciable land improvements	13,332,022	—	—	13,332,022
Buildings and improvements	783,599,823	8,528,801	(1,490,656)	790,637,968
Machinery and equipment	140,324,138	4,680,817	(4,380,136)	140,624,819
Software	2,357,509	—	—	2,357,509
Vehicles	4,586,933	212,647	(63,213)	4,736,367
Total other capital assets at historical cost	944,200,425	13,422,265	(5,934,005)	951,688,685
Less accumulated depreciation for				
Depreciable land improvements	(9,008,598)	(404,915)	—	(9,413,513)
Buildings and improvements	(430,599,221)	(28,515,205)	1,385,578	(457,728,848)
Machinery and equipment	(98,217,993)	(7,769,215)	3,527,688	(102,459,520)
Software	(2,078,638)	(186,264)	—	(2,264,902)
Vehicles	(2,261,811)	(400,473)	63,213	(2,599,071)
Total accumulated depreciation	(542,166,261)	(37,276,072)	4,976,479	(574,465,854)
Other capital assets, net	402,034,164	(23,853,807)	(957,526)	377,222,831
University capital assets, net	410,021,810	(13,168,028)	(3,876,867)	392,976,915
<b><u>University Medical Associates</u></b>				
Capital assets not being depreciated				
Land	26,096,520	64,739	(3,161,273)	22,999,986
Construction in progress	634,338	16,298,222	(16,114,761)	817,799
Total capital assets not being depreciated	26,730,858	16,362,961	(19,276,034)	23,817,785
Other capital assets				
Buildings and improvements	117,694,304	22,388	7,715,949	125,432,641
Machinery and equipment	19,145,935	1,464,365	6,050,799	26,661,099
Computer software	13,639,685	—	—	13,639,685
Total other capital assets at historical cost	150,479,924	1,486,753	13,766,748	165,733,425
Less accumulated depreciation for				
Buildings and improvements	(54,420,546)	(3,954,991)	1,112,781	(57,262,756)
Machinery and equipment	(14,905,117)	(1,925,576)	695,653	(16,135,040)
Computer software	(11,727,699)	(949,708)	—	(12,677,407)
Total accumulated depreciation	(81,053,362)	(6,830,275)	1,808,434	(86,075,203)
Other capital assets, net	69,426,562	(5,343,522)	15,575,182	79,658,222
UMA capital assets, net	96,157,420	11,019,439	(3,700,852)	103,476,007
Grand total	\$ 506,179,230	\$ (2,148,589)	\$ (7,577,719)	\$ 496,452,922

**Major Discretely Presented Component Unit**

Capital asset activity for the year ended June 30, 2020 for the Authority was as follows:

	Beginning Balance	Additions	Transfers / Retirements	Ending Balance
<b>Medical University Hospital Authority</b>				
Capital assets not being depreciated				
Land	\$ 27,775,348	\$ 16,215,421	\$ —	\$ 43,990,769
Assets not in service	45,868,585	18,331,241	(39,119,825)	25,080,001
Construction in progress	335,502,757	109,674,384	(437,467,234)	7,709,907
Total capital assets not being depreciated	409,146,690	144,221,046	(476,587,059)	76,780,677
Other capital assets				
Buildings, improvements and fixed equipment	874,639,083	362,119,468	—	1,236,758,551
Machinery and equipment	314,710,736	77,678,566	(12,350,738)	380,038,564
Software	56,861,191	18,878,164	—	75,739,355
Vehicles	1,927,190	1,176,647	(74,770)	3,029,067
Total other capital assets at historical cost	1,248,138,200	459,852,845	(12,425,508)	1,695,565,537
Less accumulated depreciation for				
Buildings, improvements and fixed equipment	(440,101,906)	(49,255,344)	—	(489,357,250)
Machinery and equipment	(205,794,980)	(35,962,744)	11,794,599	(229,963,125)
Software	(52,010,118)	(5,192,028)	—	(57,202,146)
Vehicles	(1,175,914)	(460,914)	74,770	(1,562,058)
Total accumulated depreciation	(699,082,918)	(90,871,030)	11,869,369	(778,084,579)
Other capital assets, net	549,055,282	368,981,815	(556,139)	917,480,958
Authority capital assets, net	\$ 958,201,972	\$ 513,202,861	\$ (477,143,198)	\$ 994,261,635

## 6. PENSION PLANS

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems' fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the Comprehensive Annual Financial Report of the state.

### Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the State and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public schools districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party services providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

### **Membership**

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each System is presented below.

SCRS - Generally, all employees of covered employers are required to participate in and contribute to the System as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the System with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP - As an alternative to membership in SCRS, certain newly hired state, public school, and higher education employees and individuals first elected to the S.C. General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the System with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the System with an effective date of membership on or after July 1, 2012, is a Class Three member.

### **Benefits**

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for each System is presented below.

SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

### **Contributions**

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent.



If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Required employee contribution<sup>1</sup> rates for fiscal year 2020 are as follows:

**SCRS**

Employee Class Two 9.00% of earnable compensation

Employee Class Three 9.00% of earnable compensation

**State ORP** 9.00% of earnable compensation

**PORS**

Employee Class Two 9.75% of earnable compensation

Employee Class Three 9.75% of earnable compensation

Required employer contribution<sup>1</sup> rates for fiscal year 2020 are as follows:

**SCRS**

Employer Class Two 15.41% of earnable compensation

Employer Class Three 15.41% of earnable compensation

Employer Incidental Death Benefit 0.15% of earnable compensation

**State ORP**

Employer Contribution 15.41% of earnable compensation<sup>2</sup>

Employer Incidental Death Benefit 0.15% of earnable compensation

**PORS**

Employer Class Two 17.84% of earnable compensation

Employer Class Three 17.84% of earnable compensation

Employer Incidental Death Benefit 0.20% of earnable compensation

Employer Accidental Death Program 0.20% of earnable compensation

<sup>1</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

<sup>2</sup> Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to SCRS.

**Employer Contributions**

The University's proportionate share was calculated on the basis of employer contributions actually remitted to SCRS and PORS for the fiscal year ended June 30, 2019 by employer and nonemployer contributions appropriated in the State's budget. Employer contributions recognized by the Systems that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution effort are contributions towards the purchase of employee service and employer contributions paid by employees in connection with early retirement.

The following table provides the employer contributions used in the determination of employers' proportionate shares of collective pension amounts reported:

	The University	The Authority
Proportionate Share of Contributions for the fiscal year ended June 30, 2019		
SCRS \$	32,011,066	\$ 51,231,140
Allocated nonemployer contributions \$	1,657,086	\$ 3,888,038
Total contributions \$	<u>33,668,152</u>	<u>\$ 55,119,178</u>
PORS \$	554,899	\$ 472,912
Allocated nonemployer contributions \$	34,002	\$ 28,198
Total contributions \$	<u>588,901</u>	<u>\$ 501,110</u>

Allocation Percentage of Proportionate Shares of Collective Pension Amounts as of June 30, 2019

SCRS	2.189804 %	3.584996 %
PORS	0.235504 %	0.200396 %

**Net Pension Liability**

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability (TPL) determined in accordance with GASB No. 67 less that System's fiduciary net position. The components of the net pension liability of the participating employers of SCRS and PORS at June 30, 2019 are as follows:

	<u>SCRS</u>	<u>PORS</u>
Total pension liability	\$ 50,073,060,256	\$ 7,681,749,768
Plan fiduciary net position	\$ 27,238,916,138	\$ 4,815,808,554
Employer's net pension liability	\$ 22,834,144,118	\$ 2,865,941,214
Plan fiduciary net position as a % of the TPL	54.4 %	62.7 %

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

The University's and Authority's respective portions of the net pension liability of the plans are as follows:

	<u>The University</u>	<u>The Authority</u>
Portion of collective net pension liability		
SCRS	2.189804 %	3.584996 %
PORS	0.235504 %	0.203960 %
Proportionate share of net pension liability		
SCRS \$	500,022,968	\$ 818,603,139
PORS \$	6,749,420	\$ 5,743,241
Total net pension liability	<u>\$ 506,772,388</u>	<u>\$ 824,346,380</u>

For the year ended June 30, 2020, the University recognized pension expense of \$67,935,884 and \$876,472 related to the SCRS and PORS pension plans, respectively. The Authority recognized pension expense of \$104,120,053 and \$755,244 related to the SCRS and PORS pension plans, respectively.

**Actuarial Assumptions and Methods**

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of June 30, 2015.

The June 30, 2019 total pension liability, net pension liability, and sensitivity information were determined by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year-end, June 30, 2019 using generally accepted accounting principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2019.

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions		
Investment rate of return	7.25%	7.25%
Includes inflation at	2.25%	2.25%
Projected salary increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lessor of 1% or \$500 annually	lessor of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.



Assumptions used in the determination of the June 30, 2019 total pension liability are as follows.

<b>Former Job Class</b>	<b>Males</b>	<b>Females</b>
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

#### **Long-term Expected Rate of Return**

The long-term expected rate of return on pension plan investments is based upon 20 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
<b>Global Equity</b>	<b>51.0%</b>		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
<b>Credit</b>	<b>15.0%</b>		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	—%
Total Expected Return	100.0%		5.41%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.66%

#### **Discount Rate**

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following section discusses the sensitivity of the net pension liability to changes in the discount rate.

#### **Sensitivity Analysis**

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate of 1.00 percent lower (6.25 percent) or a 1.00 percent higher (8.25 percent) than the current rate.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

<b>System</b>	<b>1.00% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1.00% Increase (8.25%)</b>
SCRS	\$28,766,243,289	\$22,834,144,118	\$17,883,463,631
PORS	\$3,884,029,879	\$2,865,941,214	\$2,031,869,450

The following tables present the sensitivity of the University's and the Authority's net pension liability calculated using the discount rate of 7.25 percent, as well as what the University's and the Authority's net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

	<u>The University</u>	<u>The Authority</u>
<b>SCRS</b>		
1.00% Decrease (6.25%)	\$ 629,924,304	\$ 1,031,268,654
Current discount rate (7.25%)	\$ 500,022,968	\$ 818,603,139
1.00% Increase (8.25%)	\$ 391,612,775	\$ 641,121,445
<b>PORS</b>		
1.00% Decrease (6.25%)	\$ 9,147,065	\$ 7,783,453
Current discount rate (7.25%)	\$ 6,749,420	\$ 5,743,241
1.00% Increase (8.25%)	\$ 4,785,144	\$ 4,071,792

**Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

Deferred outflows of resources were related to differences between expected and actual experience and contributions made after the measurement date. The difference between expected and actual experience with regard to economic and demographic factors is amortized over the average of the expected remaining service life of active and inactive members which is approximately five years. The first year of amortization is recognized as pension expense with the remaining years shown as a deferred outflow of resources. See the following table for deferred outflows of resources for the University and the Authority:

	<u>The University</u>	<u>The Authority</u>
Deferred Outflows of Resources		
<b>SCRS</b>		
Net Difference Between Expected and Actual Experience in Total Pension Liability (TPL)	\$ 343,717	\$ 562,710
Assumption Changes	10,076,186	16,496,038
Net Difference Between Projected and Actual Earnings on Pension Plan Investments (Investment Experience)	4,426,873	7,247,370
Changes in Proportion and Difference Between Contributions and Proportionate Share of Contributions	20,647,698	16,445,684
Contributions for fiscal year-end 06/30/2020 - SCRS	37,459,934	78,911,097
<b>PORS</b>		
Net Difference Between Expected and Actual Experience in Total Pension Liability (TPL)	\$ 138,782	\$ 118,093
Assumption Changes	267,648	227,748
Net Difference Between Projected and Actual Earnings on Pension Plan Investments (Investment Experience)	85,578	72,820
Changes in Proportion and Difference Between Contributions and Proportionate Share of Contributions	—	121,296
Contributions for fiscal year-end 06/30/2020 - PORS	613,118	536,183
<b>Total</b>	<u>\$ 74,059,534</u>	<u>\$ 120,739,039</u>

See the following table for deferred inflows of resources for the University and the Authority:

	<u>The University</u>	<u>The Authority</u>
Deferred Inflows of Resources		
SCRS		
Net Difference Between Expected and Actual Experience in Total Pension Liability (TPL)	\$ 3,592,076	\$ 5,880,698
Net Difference in Deferred amounts from changes in Proportionate Share and differences between Employer Contributions & Proportionate Share of Total Plan Employer Contributions	—	316,041
PORS		
Net Difference Between Expected and Actual Experience in Total Pension Liability (TPL)	\$ 49,883	\$ 42,447
Changes in Proportion and Difference Between Contributions and Proportionate Share of Contributions	\$ 339,456	\$ 291,680
Total	<u>\$ 3,981,415</u>	<u>\$ 6,530,866</u>

Contributions received after the measurement date of \$38,073,052 for the University and \$76,287,736 for the Authority will be recorded as a reduction of the net pension liability during the year ended June 30, 2021. The remaining net amount of deferred outflows of resources and deferred inflows of resources related to pensions that will be recognized in pension expense during the next five years ended June 30, and thereafter is as follows:

	<u>The University</u>	<u>The Authority</u>
SCRS		
2021	\$ 22,538,379	\$ 28,479,068
2022	3,430,881	(919,277)
2023	4,144,214	4,127,245
2024	1,788,925	2,868,028
2025	—	—
Net Balance of Deferred Outflows/(Inflows) of Resources	<u>\$ 31,902,399</u>	<u>\$ 34,555,064</u>
PORS		
2021	\$ 169,017	\$ 174,795
2022	(29,987)	(14,010)
2023	(49,226)	13,823
2024	12,864	31,222
2025	—	—
Net Balance of Deferred Outflows/(Inflows) of Resources	<u>\$ 102,668</u>	<u>\$ 205,830</u>

### **University Medical Associates**

University Medical Associates maintains several defined contribution pension plans established under the authority of Internal Revenue Code Section 401A. The plan titled "the UMA Retirement Plan" covering all UMA employees provides for contributions by UMA in such amounts as the Board of Directors may annually determine. The plan prohibits participant contributions except for rollovers from other qualified retirement plans. Current year contributions are based upon a three-tier percentage determined by the participant's compensation as follows: (a) eleven percent of compensation up to \$40,000, (b) fourteen percent of compensation from \$40,001 to \$80,000, and (c) twenty-five percent of compensation from \$80,001 to \$244,000. Effective January 1, 2015 all new participants to the plan will receive contributions based on the following three-tier percentages determined by the participant's compensation: (a) five percent of compensation up to \$40,000, (b) eight percent of compensation up to \$80,000, and (c) fifteen percent of compensation up to \$250,000. The maximum annual contribution for FY 2020 per participant is \$51,000 for existing participants and \$30,700 for participants hired on or after January 1, 2015. Participants become fully vested in their accounts after five years of credited service. Total contributions to this plan for fiscal year 2020 were \$34,420,840, net of forfeitures of \$1,512,189. UMA decided to defer the payment of its pension contributions for three months as part of its conservation of cash policy during the COVID-19 pandemic.

UMA employees may also participate in an IRC Section 403(b) plan sponsored by UMA for which no employer contributions are made. The participants are fully vested in their contributions to the 403(b) plan at all times.

## 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The South Carolina Public Employee Benefit Authority (PEBA), described in note 6 - *Pension Plans*, administers the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF).

### Plan Descriptions

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), collectively refers to the SCRHITF and the SCLTDITF, were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA - Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides postemployment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

### Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

### Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA - Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA - Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2019 was 6.05 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premium structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA - Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA - Insurance Benefits bills and collects premiums charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2019. The SCLTDITF premium is billed monthly by PEBA - Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

The allocation percentage of the OPEB amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer. Please note that actual covered payroll contributions received from SCRS for the fiscal year 2019 totaled \$529,122,849. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of \$190,548.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

PEBA - Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA - Insurance Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to PEBA - Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report of the state.

The following table provides the employer contributions used in the determination of employers' proportionate shares of collective OPEB amounts reported:

		The University	The Authority
Proportionate Share of Contributions for the fiscal year ended June 30, 2019			
SCRHITF	Total employer contributions	\$ 17,360,235	\$ 26,041,989
	Contributions from nonemployer contributing entities	3,385,231	5,078,165
	Total contributions	<u>\$ 20,745,466</u>	<u>\$ 31,120,154</u>
SCLTDITF	Total employer contributions	\$ 166,371	\$ 232,191
	Contributions from nonemployer contributing entities	—	—
	Total contributions	<u>\$ 166,371</u>	<u>\$ 232,191</u>

Allocation Percentage of Proportionate Shares of Collective OPEB Amounts as of June 30, 2019

SCRHITF	3.280946 %	4.921728 %
SCLTDITF	2.257598 %	3.150754 %

#### Net OPEB Liability

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2019:

	SCRHITF	SCLTDITF
Total OPEB Liability	\$ 16,516,264,617	\$ 40,743,755
Plan Fiduciary Net Position	\$ 1,394,740,049	\$ 38,775,500
Employer's Net OPEB Liability	\$ 15,121,524,568	\$ 1,968,255
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	8.44 %	95.17 %

The University's and Authority's respective portions of the net OPEB liability of the plans are as follows:

	The University	The Authority
Portion of Collective Net OPEB Liability		
SCRHITF	3.280946 %	4.921728 %
SCLTDITF	2.257598 %	3.150754 %
Proportionate Share of Net OPEB Liability		
SCRHITF \$	496,129,055	\$ 744,240,309
SCLTDITF \$	44,435	\$ 62,015

For the year ended June 30, 2020, the University recognized OPEB expense of \$31,926,706 and \$184,610 related to SCRHITF and SCLTDITF OPEB plans, respectively. The Authority recognized OPEB expense of \$49,506,581 and \$257,804 related to SCRHITF and SCLTDITF plans, respectively.

#### Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan Investment expense; including inflation
Single Discount Rate:	3.13% as of June 30, 2019
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base table based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Retiree Participation:	79% for retirees who are eligible for funded premiums  59% participation for retirees who are eligible for Partial Funded Premiums  20% participation for retirees who are eligible for Non-Funded Premiums
Notes:	There were no benefit changes during the year; the discount rate changed from 3.62% as of June 30, 2018 to 3.13% as of 6/30/2019; minor updates were made to the healthcare trend assumption

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	3.00%, net of Plan Investment expense; including inflation
Single Discount Rate:	3.04% as of June 30, 2019
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability Incidence:	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets:	40% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Expenses:	Third party administrative expenses were included in the benefit projections
Notes:	The discount rate changed from 3.91% as of June 30, 2018 to 3.04% as of June 30, 2019

**Roll Forward Disclosure**

The actuarial valuation was performed as of June 30, 2018. Update procedures were used to roll forward the total OPEB liability to June 30, 2019.

**Long-term Expected Rate of Return**

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

<b>South Carolina Retiree Health Insurance Trust Fund</b>			
<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Allocation-Weighted Long-Term Expected Real Rate of Return</b>
U.S.Domestic Fixed Income	80.00%	0.60%	0.48%
Cash	20.00%	0.10%	0.02%
<b>Total</b>	100.00%		0.50%
Expected Inflation			2.25%
<b>Total Return</b>			2.75%
<b>Investment Return Assumption</b>			2.75%

<b>South Carolina Long-Term Disability Health Insurance Trust Fund</b>			
<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Allocation-Weighted Long-Term Expected Real Rate of Return</b>
U.S.Domestic Fixed Income	80.00%	0.95%	0.76%
Cash	20.00%	0.51%	0.10%
<b>Total</b>	100.00%		0.86%
Expected Inflation			2.25%
<b>Total Return</b>			3.11%
<b>Investment Return Assumption</b>			3.00%

**Single Discount Rate**

The Single Discount Rate of 3.13% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 3.04% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 3.00% and a municipal bond rate of 3.13%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2039. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2039, and the municipal bond rate was applied to all benefit payments after that date.

**Sensitivity Analysis**

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.13%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	<b>Current Single Discount Rate</b>		
	<b>1.00% Decrease (2.13%)</b>	<b>(3.13)%</b>	<b>1.00% Increase (4.13%)</b>
SCRHITF Net OPEB Liability	\$17,926,382,275	\$15,121,524,568	\$12,870,509,916



Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

	<b>Current Healthcare Cost</b>		
	<b>1.00% Decrease</b>	<b>Trend Rate</b>	<b>1.00% Increase</b>
SCRHITF Net OPEB Liability	\$12,340,779,463	\$15,121,524,568	\$18,742,876,160

The following table presents the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 3.04%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	<b>Current Single Discount Rate</b>		
	<b>1.00% Decrease (2.04%)</b>	<b>(3.04)%</b>	<b>1.00% Increase (4.04%)</b>
SCLTDITF Net OPEB Liability	\$3,385,614	\$1,968,255	\$562,241

The following tables present the sensitivity of the University's and the Authority's net OPEB liability calculated using the discount rate of 3.13 percent, as well as what the University's and the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percent lower (2.13 percent) or 1.00 percent higher (4.13 percent) than the current rate for SCRHITF and using the discount rate of 3.04 percent, as well as what the University's and the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percent lower (2.04 percent) or 1.00 percent higher (4.04 percent) than the current rate for SCLTDITF.

	<u>The University</u>	<u>The Authority</u>
<b>SCRHITF</b>		
1.00% Decrease (2.13%)	\$ 588,154,922	\$ 882,287,776
Current Discount Rate (3.13%)	\$ 496,129,055	\$ 744,240,309
1.00% Increase (4.13%)	\$ 422,274,480	\$ 633,451,490
<b>SCLTDITF</b>		
1.00% Decrease (2.04%)	\$ 76,434	\$ 106,672
Current Discount Rate (3.04%)	\$ 44,435	\$ 62,015
1.00% Increase (4.04%)	\$ 12,693	\$ 17,715

The following table presents the sensitivity of the University's and the Authority's net OPEB liability calculated using the healthcare cost trend rates if it were calculated using a discount rate that is 1.00 percent lower or 1.00 percent higher than the current rate.

	<u>The University</u>	<u>The Authority</u>
<b>SCRHITF</b>		
1.00% Decrease	\$ 404,894,310	\$ 607,379,598
1.00% Increase	\$ 614,943,646	\$ 922,473,384

#### **Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

Deferred outflows of resources were related to differences between expected and actual experience and contributions made after the measurement date. The difference between expected and actual earnings on OPEB plan investments is amortized using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan (active and inactive members) which is a closed five-year period. The first year of amortization is recognized as OPEB expense with the remaining years shown as a deferred outflow or resources. See the following table for deferred outflows of resources for the University and the Authority:



	<u>The University</u>	<u>The Authority</u>
Deferred Outflows of Resources		
SCRHITF		
Net Difference Between Projected and Actual Experience	\$ 5,842,031	\$ 8,763,596
Assumption Changes	32,829,273	49,247,002
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments (Investment Experience)	580,348	870,577
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Contributions	9,239,019	23,163,673
Contributions for fiscal year-end 06/30/2020 - SCRHITF	17,095,175	32,211,247
SCLTDITF		
Assumption Changes	24,995	—
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments (Investment Experience)	1,193	1,665
Contributions for fiscal year-end 06/30/2020 - SCLTDITF	168,451	325,036
Total	<u>\$ 65,780,485</u>	<u>\$ 114,582,796</u>

The difference between the expected and actual experience in total OPEB liability, assumption changes and the outstanding inflow balance between employer contributions and proportionate share of plan contributions are amortized over five years. See the following table for deferred inflows of resources for the University and the Authority:

	<u>The University</u>	<u>The Authority</u>
Deferred Inflows of Resources		
SCRHITF		
Net Difference Between Expected and Actual Experience in Total OPEB Liability (TOPEBL)	\$ 16,126,866	\$ 24,191,817
Assumption Changes	30,723,007	46,087,405
Outstanding Inflow Balance Between Employer Contributions & Proportionate Share of Plan Contributions	4,224	6,236
SCLTDITF		
Net Differences Between Projected and Actual Investment Experience	\$ 30,921	\$ 43,155
Assumption Changes	3,960	5,526
Outstanding Inflow Balance Between Employer Contributions & Proportionate Share of Plan Contributions	7,619	9,229
Total	<u>\$ 46,896,597</u>	<u>\$ 70,343,368</u>

Contributions received after the measurement date of \$17,263,626 for the University and \$32,656,851 for the Authority will reduce the net OPEB liability during the year ended June 30, 2021. The remaining net amount of deferred outflows of resources and deferred inflows of resources that will be recognized in OPEB expense during the next five years ended June 30, and thereafter is as follows:

	The University		The Authority	
SCRHITF				
	2021	\$ (1,464,478)	\$	(583,339)
	2022	(1,464,478)		(583,339)
	2023	(1,655,378)		(869,708)
	2024	(1,957,882)		(1,323,493)
	2025	3,290,538		6,549,631
	Thereafter	4,888,252		8,569,638
Net Balance of Deferred Outflows/(Inflows) of Resources		<u>\$ 1,636,574</u>		<u>\$ 11,759,390</u>
SCLTDITF				
	2021	\$ 2,244	\$	3,289
	2022	2,244		3,289
	2023	(2,686)		(3,591)
	2024	(9,025)		(12,438)
	2025	(2,104)		(2,779)
	Thereafter	(6,983)		(9,131)
Net Balance of Deferred Outflows/(Inflows) of Resources		<u>\$ (16,310)</u>		<u>\$ (21,361)</u>

## **University Medical Associates**

### **Plan Description**

UMA sponsors the Retiree Benefit Plan for Employees of University Medical Associates (the Plan), a single-employer defined benefit healthcare plan administered through an irrevocable trust agreement adopted by the UMA Board with an effective date of June 26, 2008. The trust meets the definition of a qualifying trust as defined in GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Plan may be amended by future actions of the UMA Board of Directors. The Plan, which has a June 30 year-end, issues a separate stand-alone financial report which may be obtained by sending requests to the Controller, University Medical Associates, 1180 Sam Rittenberg Blvd., Suite 220, Charleston, SC 29407.

### **Benefits Provided**

The Plan provides continuation of medical, dental and prescription drug benefits for retirees and their dependents. Benefits are provided through UMA's self-insured health plan and administered by a third-party administrator. This coverage is considered primary until age 65 or until the employee is covered under Medicare, at which time it becomes the secondary payer.

### **Employees covered by benefit terms**

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	49
Inactive employees entitled to but not yet receiving benefit payments	—
Active employees	25
Total	<u>74</u>

A participant is eligible to receive coverage under the Plan upon satisfying the following criteria:

- Employees hired before 2002 are eligible for coverage at the later of age 62 and completion of 15 years of service.
- Employees hired after 2001 are eligible for coverage after attainment of age 62 and completion of 20 years of service.
- Disabled employees with 15 years of service (20 if hired after 2001) are eligible for coverage if approved by an appropriate Group LTD carrier of Social Security.

Effective January 22, 2015, employees hired on or after January 1, 2015 are not eligible to participate in the Plan and will not receive any Plan benefits. Effective June 30, 2016, employees who attained age 55 or completed twenty years of service after June 30, 2016 are not eligible to participate in the Plan and will not receive any Plan benefits. An individual who was eligible after June 30, 2016 and retired on or prior to June 30, 2016 remains eligible for plan benefits. Coverage is provided for the lifetime of the participant. Coverage is also provided to spouses of retirees who are currently receiving benefits. If a retiree predeceases his/her spouse, coverage for the surviving spouse continues for life of the widower/widow.

### **Contributions**

The contributions of Plan members and UMA are established each year by action of the UMA Board pursuant to changes in the healthcare environment to ensure its self-insured healthcare plan remains viable. Eligible retirees are required to pay monthly premiums as follows depending on coverage: Retiree only-\$200; Retiree and Spouse-\$391. Employer contributions are determined by actuarially determined rates.

**Net OPEB Liability (Asset)**

UMA's net OPEB liability (asset) was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of January 1, 2020. The following table represents the components of the net OPEB liability (asset) as of June 30, 2020:

Total OPEB Liability	\$	4,389,773
Plan Fiduciary Net Position	\$	4,849,657
Net OPEB Asset	\$	(459,884)

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Inflation rate	2.20 percent annual increase
Salary increases	2.00 percent, compounded annually
Investment rate of return	5.50 percent, compounded annually
Discount rate	5.50 percent
Municipal bond rate	2.21 percent
Healthcare cost trend rates	Medical Pre-65 retirees: 6.20 percent for 2018 decreasing gradually to 4.60 percent in 2031 Medical Post-65 retirees: 5.90 percent for 2018 decreasing gradually to 4.60 percent in 2031 Dental all retirees: 3.90 percent remaining flat to 3.90 percent through 2031

Mortality rates were based on the Healthy Pre-retirement-RP-2006 system tables with generational mortality improvements using scale MP-2019. Healthy Post-retirement-RP-2006 system tables with generational mortality improvements using scale MP-2019. Disabled Retirement Participants-RP-2006 system tables with generational mortality improvements using scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the reconstructed results of prior actuaries. A new actuarial experience study will be completed once they have at least three years of data for the period January 2017-December 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	47%	5.70%
International Developed	13%	6.50%
International Emerging	3%	7.00%
Fixed Income	34%	4.36%
Cash	3%	2.61%
Total	100%	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that UMA contributions will be made at rates equal to current benefit payments. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity Analysis**

The following presents the net OPEB liability (asset) of the Plan, calculated using the discount rate of 5.50 percent, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.50 percent) or one percentage point higher (6.50 percent) than the current rate:

	1.00% Decrease (4.50%)	Discount Rate (5.50%)	1.00% Increase (6.50%)
Net OPEB Liability (Asset)	\$ (620)	\$ (459,884)	\$ (851,021)

The following presents the net OPEB liability (asset) of the Plan, calculated using the current healthcare cost trend rates as well as the Plan's net OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates:

	1.00% Decrease	Current Trend Rate	1.00% Increase
Net OPEB Liability (Asset)	\$ (861,947)	\$ (459,884)	\$ 5,654

**Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

At June 30, 2020, UMA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings	35,614	(59,638)
Total	<u>\$ 35,614</u>	<u>\$ (59,638)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30</b>	
2021	\$ (17,258)
2022	(17,259)
2023	1,588
2024	<u>8,905</u>
Net balance of Deferred Outflows(Inflows) of Resources	<u>\$ (24,024)</u>

## **8. DEFERRED COMPENSATION PLANS**

Several voluntary deferred compensation plans are available to State employees and employees of its political subdivisions. Certain employees of the University and the Authority have elected to participate. The multiple-employer plans, created under Internal Revenue Code Section 415, specifically for 457, 401(k), and 403(b) plans, are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment, when they attain age 59 1/2 or as otherwise specified by the applicable plan and/or IRC regulation. Employees may also withdraw contributions prior to termination if they meet age requirements specified by the applicable plan and/or IRC regulation.

Certain employees have elected to participate in a Section 403(b) plan through a financial provider approved by the University. The University believes it is compliant with Internal Revenue Service regulations that went into effect January 1, 2009. The plan is administered by various unrelated financial institutions, four of which are institutions who are contracted to provide the PEBA State ORP defined contribution plans.

Employees of Carolina Primary Care Physicians, P.A. (CPCP) and MUSC Health Partners (MHP), component units of UMA, participate in a deferred compensation plan under Internal Revenue Code Section 401(k) that allows employees to defer up to \$25,000 of compensation annually. The employer makes safe-harbor contributions for all employees of four percent of compensation up to \$275,000. The employer will match dollar for each dollar saved by the employee up to four percent of eligible pay. All employee and employer safe-harbor contributions are 100% vested at the time of contribution. Employer matching contributions vest ratably over a five-year period. Total employer contributions to this plan for the fiscal year ended June 30, 2020 were \$3,168,158.

## **9. COMMITMENTS, CONTINGENCIES AND LITIGATION**

The various federal programs administered by the University for fiscal year 2020 and prior years are subject to examination by the federal grantor agencies. At the present time, amounts, if any, which may be due federal grantors have not been determined, but the University believes that any such amounts in the aggregate would not have a material adverse effect on the financial position of the University. Therefore, an estimated loss has not been recorded.

The University and UMA are involved in a number of legal proceedings and claims with various parties which arose in the normal course of business and cover a wide range of matters including medical malpractice and faculty contracts. In the opinion of management, the outcome of the legal proceedings and claims is not expected to have a material adverse effect on the financial positions of the entities.

The University had outstanding commitments related to capital projects of \$27,817,929 at June 30, 2020. The University anticipates funding these projects out of current resources, proceeds from debt issuances, private gifts, federal capital grants, special appropriations, and state capital improvement bond proceeds.

## 10. PAYABLES AND ACCRUED LIABILITIES

The following table reflects the payables and accrued liabilities as of June 30, 2020:

	The University	UMA	CHS Development Company
Accounts payable	\$ 12,848,032	\$ 12,486,789	\$ —
Retainages	42,865	—	—
Accrued payroll and related liabilities	18,981,497	45,064,631	—
Accrued Interest	1,207,183	150,268	99,450
Other	177,725	27,218,258	—
	<u>\$ 33,257,302</u>	<u>\$ 84,919,946</u>	<u>\$ 99,450</u>

## 11. LONG-TERM LIABILITIES

### University and Blended Component Units

Long-term liability activity for the year ended June 30, 2020 for the University and its blended component units was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<b><u>The University</u></b>					
State institution bonds payable	\$ 39,340,000	\$ —	\$ (4,245,000)	\$ 35,095,000	\$ 2,485,000
Revenue bond payable	22,395,000	—	(1,430,000)	20,965,000	1,500,000
Energy Note Payable	30,000,000	881,657	—	30,881,657	—
Capital leases payable	57,031	132,422	(57,316)	132,137	87,327
Compensated absences payable	28,481,574	17,541,302	(16,098,713)	29,924,163	16,098,713
Premium on state institution bond	2,440,842	—	(360,396)	2,080,446	303,823
Premium on revenue bond	1,599,354	—	(258,799)	1,340,555	240,742
Total University long-term liabilities	124,313,801	18,555,381	(22,450,224)	120,418,958	20,715,605
Interfund payables	9,409,986	—	(1,496,448)	7,913,538	1,563,060
Due to component unit	40,741,812	—	(903,791)	39,838,021	976,613
Federal loan program liability	13,188,777	256,090	(1,149,955)	12,294,912	—
Pension liability	482,952,846	68,812,359	(44,992,817)	506,772,388	—
OPEB liability	455,389,567	61,827,471	(21,043,548)	496,173,490	—
Total University long-term liabilities	1,125,996,789	149,451,301	(92,036,783)	1,183,411,307	23,255,278
<b><u>University Medical Associates</u></b>					
Variable rate demand bonds	60,385,000	—	(3,500,000)	56,885,000	2,925,000
Fixed rate revenue bond	9,020,000	—	(1,390,000)	7,630,000	1,435,000
Capital leases payable	296,840	834,051	(398,608)	732,283	414,132
MUHA minority interest in MUSC Health	651,962	1,300,880	—	1,952,842	—
Compensated absences payable	5,248,855	8,612,686	(7,498,278)	6,363,263	3,817,958
OPEB Liability	18,606	—	(18,606)	—	—
Total UMA long-term liabilities	75,621,263	10,747,617	(12,805,492)	73,563,388	8,592,090
Fair value of derivative instruments	4,347,995	4,522,060	—	8,870,055	—
Total UMA long-term liabilities	79,969,258	15,269,677	(12,805,492)	82,433,443	8,592,090
<b><u>Nonmajor Enterprise Fund</u></b>					
<b>CHS Development Company</b>					
Notes payable	10,460,000	—	(1,620,000)	8,840,000	1,670,000
Total CHS long-term liabilities	10,460,000	—	(1,620,000)	8,840,000	1,670,000
Grand total	\$ 1,216,426,047	\$ 164,720,978	\$ (106,462,275)	\$ 1,274,684,750	\$ 33,517,368

## Major Discretely Presented Component Unit

Long-term liability activity for the year ended June 30, 2020 for the Authority was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<b>Medical University Hospital Authority</b>					
GNMA mortgage backed securities (Series 2012)	\$ 269,375,306	\$ —	\$ (15,786,989)	\$ 253,588,317	\$ 16,257,432
GNMA mortgage backed securities (Series 2013)	36,144,987	—	(2,355,227)	33,789,760	2,447,520
GNMA mortgage backed securities (Series 2016)	233,966,174	82,431,026	(7,288,255)	309,108,945	8,228,773
GNMA mortgage backed securities (Series 2019)	—	133,385,200	(1,502,819)	131,882,381	3,684,245
Mortgage Note Series 2018A	36,149,635	—	(616,327)	35,533,308	643,626
Wells Fargo note payable	5,698,742	—	(1,457,423)	4,241,319	1,509,249
Everbank Commercial Finance note payable	432,765	—	(432,765)	—	—
Bridge loan	129,000,000	—	(129,000,000)	—	—
Capital leases payable	75,194,830	10,479,712	(10,307,430)	75,367,112	6,610,403
Total Authority long-term debt	785,962,439	226,295,938	(168,747,235)	843,511,142	39,381,248
Pension liability	794,610,858	104,875,299	(75,139,777)	824,346,380	—
OPEB liability	676,557,370	99,294,878	(31,549,924)	744,302,324	—
Other liabilities	12,082,825	—	(12,082,825)	—	—
Total Authority long-term liabilities	<u>\$ 2,269,213,492</u>	<u>\$ 430,466,115</u>	<u>\$ (287,519,761)</u>	<u>\$ 2,412,159,846</u>	<u>\$ 39,381,248</u>

## 12. BONDS AND NOTES PAYABLE

### Bonds Payable - University and Blended Component Units

The University's bonds payable at June 30, 2020 consisted of the following:

	Interest Rates	Maturity Dates	Balance June 30, 2020
State Institution Bonds:			
2011D series dated 03/01/2011	4.13 - 5.00%	03/01/2031	\$ 12,005,000
2012B refunding dated 05/01/2012	2.50 - 4.04%	04/01/2024	3,150,000
2016D refunding dated 03/01/2016	3.00 - 3.98%	04/01/2036	19,940,000
Total state institution bonds			35,095,000
Refunding Revenue Bonds:			
2017 series dated 04/11/2017	3.00 - 5.00%	10/1/2030	20,965,000
			<u>\$ 56,060,000</u>

State Institution Bonds are general obligation bonds of the State backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged up to the amount of the annual debt service requirement for the payment of principal and interest on State Institution Bonds. SC Code of Laws section 59-107-90 states that the maximum amount of annual debt service on state institution bonds for each institution shall not exceed ninety percent of the sums received from tuition and fees for the preceding fiscal year. Tuition fees designated for debt service for the preceding year were \$6,061,903 which resulted in a legal debt margin at June 30, 2020, of \$5,455,713.

The scheduled maturities of the State Institution Bonds are as follows:

Year Ending June 30,	State Institution Bonds		
	Principal	Interest	Total
2021	\$ 2,485,000	\$ 1,464,463	\$ 3,949,463
2022	2,610,000	1,340,213	3,950,213
2023	2,725,000	1,209,713	3,934,713
2024	2,835,000	1,089,663	3,924,663
2025	2,095,000	968,788	3,063,788
2026 - 2030	12,075,000	3,264,156	15,339,156
2031 - 2035	8,675,000	978,350	9,653,350
2036 - 2037	1,595,000	47,850	1,642,850
	<u>\$ 35,095,000</u>	<u>\$ 10,363,196</u>	<u>\$ 45,458,196</u>

For the year ended June 30, 2020, the University made principal payments of \$4,245,000 and interest payments of \$1,676,713 related to the State Institution Bonds.

On April 11, 2017, the University issued \$25,115,000 of Refunding Revenue Bonds (2017 refunding) at a premium (net of the underwriter's discount) of \$2,237,352. The net proceeds were used to advance refund the \$27,080,000 principal balance of Higher Education Revenue Bonds, Series 2006 issued in fiscal year 2007. The net proceeds (after payment of closing costs of \$161,571) were deposited into an irrevocable escrow fund with an escrow agent to pay the redemption price of the Refunded Bonds. Upon funding of the Escrow Funds, the Refunded Bonds will be legally defeased under the terms of the Bond Resolution. As a result, the aforementioned Higher Education Revenue Bond to the extent of the principal refunded is considered to be defeased and the liability for this bond has been removed from the Statement of Net Position.

As a result of the refunding, the University reduced its total debt service payments over the next fourteen years by approximately \$3,519,000 and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$2,638,000.

The premium related to the Refunding Revenue Bonds, Series 2017 is being amortized over the fourteen year life of the issue using the effective interest method.

The scheduled maturities of the Refunding Revenue Bonds are as follows:

Year Ending June 30,	Refunding Revenue Bonds		
	Principal	Interest	Total
2021	\$ 1,500,000	\$ 853,244	\$ 2,353,244
2022	1,565,000	784,119	2,349,119
2023	1,645,000	703,869	2,348,869
2024	1,730,000	619,494	2,349,494
2025	1,810,000	540,044	2,350,044
2026 - 2030	10,400,000	1,351,567	11,751,567
2031	2,315,000	36,172	2,351,172
	<u>\$20,965,000</u>	<u>\$4,888,509</u>	<u>\$25,853,509</u>

For the year ended June 30, 2020, the University made principal payments of \$1,430,000 and interest payments of \$918,994 related to the Refunding Revenue Bonds, Series 2017 during the year ended June 30, 2020.

On December 18, 2008, UMA issued Series 2008 South Carolina Jobs-Economic Development Authority Variable Rate Demand Bonds (Series 2008 Bonds) in the amount of \$62,085,000 in conjunction with the refunding of its 1994, 1997, 1999A and 1999B Select Auction Variable Rate Securities (SAVRS). The proceeds of the Series 2008 Bonds were used to fully redeem the 1999 A&B SAVRS and pay certain costs of issuance. The Series 2008 Bonds mature in various installments ranging from \$1,700,000 to \$3,900,000 beginning on July 1, 2019 with final maturity on July 1, 2037. This bond issuance was a direct borrowing with Wells Fargo Bank, NA.

Payments relative to the Series 2008 Bonds were originally secured by, among other things, an irrevocable, direct-pay letter of credit (Credit Facility) issued by Wells Fargo Bank, NA (successor by merger to Wachovia Bank, NA) pursuant to a Reimbursement and Security Agreement between UMA and Wells Fargo dated December 1, 2008. The original Credit Facility was due to expire on December 18, 2011. Due to the upcoming initial expiration date of the Credit Facility, UMA requested that the South Carolina Jobs Economic Development Authority and the Bond trustee execute a mandatory tender for purchase of the Series 2008 Bonds and amend and restate the Master Trust Indenture to provide for the Index Rate Mode relative to the interest due on the Bonds. The transaction was executed on June 23, 2011. Following the amendment of the original Master Trust Indenture, the Bonds were reissued and purchased at par in the Index Rate Mode by Wells Fargo Bank, NA (Wells Fargo) pursuant to a Continuing Covenant Agreement dated June 23, 2011 between UMA and Wells Fargo. The original Credit Facility and the related Reimbursement and Security Agreement were terminated as of the closing of Wells Fargo's direct purchase of the reissued Bonds (Reissued Bonds).

Under the Index Rate Mode during the initial period, interest accruing to Wells Fargo is computed at 75% of the one-month LIBOR plus 0.88%. On August 18, 2016, the Reissued Bonds were restructured and extended the index interest rate period through August 18, 2021 with interest



rates accruing to Wells Fargo computed at 75% of the one-month LIBOR plus 0.75% until August 18, 2021 in the Second Amended and Restated Series 2008 Bond Indenture. On August 18, 2021, the Reissued Bonds will be subject to mandatory tender by UMA. If not successfully remarketed on that date, all amounts outstanding will be due and payable on such tender date. On February 1, 2018, UMA was notified that under the Master Trust Indenture, the interest rate on the reissued bonds was increasing to 91% of one-month LIBOR plus 0.91%, due to changes in the maximum corporate tax rate under the Tax Cuts and Jobs Act. On October 1, 2018, the Reissued Bonds were restructured again to reduce the impact of the Tax Cuts and Jobs Act to a market rate of 80% of one-month LIBOR plus 0.60%.

As of June 30, 2020, the annual effective variable interest rate incurred on the Reissued Bonds was 2.595%, determined in accordance with the Index Rate Mode formula described above. However, UMA has synthetically converted the overall interest cost to a rate that, because of the structure of the payer-side arrangement, is a near fixed rate proxy using derivative financial instruments as described below.

As security for repayment of the Reissued Bonds and other obligations issued under the Bond Indenture and Master Trust Indenture (as amended and restated on June 23, 2011), UMA has granted to the master trustee a security interest in its Pledged Assets, subject to permitted liens and subject to the right of the Members of the Obligated Group to transfer property, plant and equipment and cash and investments free of the security interest created in the Pledged Assets under certain specified circumstances as further set forth in the Master Trust Indenture. Pledged Assets consist of the UMA Receipts of each Member of the Obligated Group (as defined, which currently consists solely of UMA). "UMA Receipts" means all accounts and assignable general intangibles of each Member of the Obligated Group, now owned or hereafter acquired, and all proceeds thereof and therefrom whether cash or noncash; excluding, however, (a) gifts, grants, bequests, donations, contributions, charitable pledges, or other contract or property rights to any Member of the Obligated Group heretofore or hereafter made, and the income and gains and other proceeds derived therefrom, to the extent any of the foregoing are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required under the Master Trust Indenture or on any obligations; (b) mandatory transfers to MUSC and MUSCF; (c) transfers under the ambulatory care and primary care agreements; and (d) non-UMA revenues. All obligations issued under the Master Trust Indenture are secured *pari passu* by the security interest in the Pledged Assets created by the Master Trust Indenture including a Leasehold Mortgage and Security Agreement under which, among other things, UMA grants to the Master Trust a leasehold mortgage and security interest in its rights under and in respect of the Rutledge Tower lease and subleases as well as a first mortgage on the Parkshore Center property acquired in 2015. The Members of the Obligated Group are also subject to certain covenants under the Master Trust Indenture restricting, among other things, incurrence of indebtedness, existence of liens, consolidation or merger and disposition of assets.

The Reissued Bonds were issued pursuant to a resolution by the South Carolina Jobs-Economic Development Authority in order to obtain tax-exempt status for the interest payments to the bond holders and reduce the total interest costs. These Bonds are subject to compliance with the arbitrage regulations of the Internal Revenue Code.

The original proceeds of the Series 2008 Bonds and the Wells Fargo Term Loan (described in the Notes Payable section) were used in fiscal 2009 to refund outstanding SAVRS direct note obligations, terminate previous swap agreements and pay issue costs. The refunding transaction resulted in a loss of \$26,736,722 that is being amortized over the shorter life of the refunded debt that is the period ending on May 15, 2027, using the effective interest method.

The mandatory tender of the Series 2008 Bonds and the direct purchase of the Reissued Bonds executed on June 23, 2011, as described above, were accounted for as a refunding transaction under GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities*. The proceeds of \$62,085,000 from the direct purchase of the Reissued Bonds by Wells Fargo were used, along with \$314,542 of UMA's cash, to refund outstanding Series 2008 South Carolina Jobs Economic Development Authority Variable Rate Revenue Bonds of \$62,085,000, to pay accrued interest of \$1,462 and issue costs of \$313,080. This refunding resulted in an economic loss of \$7,341,936 and an increase in cash flows of \$9,807,716 due to increased interest costs. The deferred loss on refunding resulting from the most recent refunding, together with the unamortized difference from the previous refunding described in the preceding paragraph, in the total amount of \$22,346,892, are being amortized over the original amortization period remaining from the previous refunding, that is the period ending on May 15, 2027, using the effective-interest method.

UMA has entered into an interest rate swap agreement with Wells Fargo to hedge changes in cash flows on the Reissued Bonds. The swap related to the Reissued Bonds limits the impact of fluctuations in the LIBOR by converting the variable interest rate paid on the Bonds into a rate equal to 2.7028% plus 13% of the one-month LIBOR. The Bonds swap agreement was entered into on December 5, 2008 with an effective date of December 18, 2008, and matures on July 1, 2037. The notional amount as of June 30, 2020 is \$56,885,000 which equals the principal outstanding. Under the Reissued Bonds swap agreement, UMA pays Wells Fargo a fixed interest payment of 2.1028% and receives a variable payment equal to 67% of the one-month LIBOR. The variable rate in effect at June 30, 2020 was 0.1229%.

The Reissued Bonds swap agreement is considered an investment derivative instrument under GASB Statement No. 53 as of June 30, 2020. The previously established hedging relationship between the original Series 2008 Bonds and the related interest rate swap was discontinued in connection with the refunding transaction executed on June 23, 2011. At that time, the deferred inflows associated with the hedging derivative instrument of \$1,696,000 were included in the calculation of the loss on the refunding transaction in accordance with GASB Statement No. 23. Following the refunding, the existing swap, which was not terminated in connection with the refunding, was associated with the Reissued Bonds and proven to constitute an effective hedging derivative instrument under GASB Statement No. 53 until the January 1, 2018 when the tax law changes no longer made this an effective hedging instrument. Accordingly, changes in the swap's fair value since the time it was associated with the Reissued Bonds are being reported as a change in investment income. The fair value of the swap at the time of the refunding is being amortized as an adjustment of deferred inflows/outflows and interest expense on a straight-line basis over the remaining life of the swap.

As of June 30, 2020, the fair value of the Reissued Bonds swap agreement was a negative (\$8,870,055). The fair value was estimated by independent financial advisors using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Consistent with the guidance provided by GASB Statement No. 53, the negative fair value of the Reissued Bonds swap agreement has been recorded on the Statement of Net Position as a noncurrent liability since the swap is considered an investment derivative instrument. The decrease in the fair value of the Series 2008 Bonds' cash flow swap during fiscal year 2020 of (\$4,522,060) is recognized in investment loss in these financial statements.

UMA is exposed to counterparty credit risk in the amount of the derivative's fair value. Wells Fargo Bank, counterparty to this swap, is rated Aa2 by Moody's Investor Services, and AA- by Standard & Poor's as of June 30, 2020. Should the estimated termination value of the Series 2008

Bonds swap or the Term Loan swap, which is discussed in the Notes Payable section of this note, (assuming their early termination) become negative to UMA, UMA will be required to post collateral with the swap counterparty in the form of cash or negotiable debt securities of the U.S. Treasury Department pursuant to amendments to the International Swaps and Derivatives Association Credit Support Annex dated June 9, 2015. As of June 30, 2020, UMA has posted collateral totaling \$9,030,000 under this requirement.

Interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable borrowing rate on the bonds is called "basis risk." UMA is subject to this basis risk on the Reissued Bonds as of June 30, 2020 as the indexed variable rate is 67% of the one-month LIBOR and the actual market-determined borrowing rate is 80% of the one-month LIBOR plus 0.60%.

The Reissued Bonds swap derivative contract incorporates the International Swap Dealers Association Master Agreement ("Master Agreement"), which includes standard termination events, such as failure to pay and bankruptcy. UMA or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. UMA may also terminate the swap at its discretion upon two business days notice to the counterparty. If the swap were terminated, the variable rate debt would no longer carry a synthetic interest rate. In addition, if at the time of the termination the swap has a negative fair value, UMA would generally be liable to the counterparty for a payment equal to the swap's fair value. Conversely, if the fair value is positive at termination, UMA would generally receive a payment from the counterparty.

Using rates as of June 30, 2020, debt service requirements of UMA's Reissued South Carolina Jobs-Economic Development Authority Variable Rate Demand Bonds and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, the variable-rate notes interest payments and the net swap payments will vary.

Reissued SC JEDA Variable Rate Demand Bonds				
Ending June 30,	Principal	Interest	Swap Payment, Net	Total Debt Service
2021	\$ 2,925,000	\$ 331,903	\$ 1,068,343	\$ 4,325,246
2022	2,525,000	316,372	1,018,351	3,859,723
2023	2,600,000	300,380	966,874	3,867,254
2024	2,635,000	284,172	914,705	3,833,877
2025	2,745,000	267,288	860,357	3,872,645
2026 - 2030	14,905,000	1,066,013	3,431,330	19,402,343
2031 - 2035	17,100,000	568,129	1,828,717	19,496,846
2036 - 2040	11,450,000	71,750	230,953	11,752,703
Totals	<u>\$ 56,885,000</u>	<u>\$ 3,206,007</u>	<u>\$ 10,319,630</u>	<u>\$ 70,410,637</u>

On June 9, 2015, UMA issued Series 2015 South Carolina Jobs-Economic Development Authority Fixed Rate Revenue Bonds (Series 2015 Bonds) in the amount of \$14,175,000 to finance a portion of the \$28.4 million purchase of the Parkshore Center office building which houses certain UMA and Authority personnel. The Series 2015 Bonds are secured by the same Master Trust Indenture as the Reissued Bonds and the assignment of all lease payments due from the Authority under a related lease agreement. The bond issuance was a direct placement borrowing with Wells Fargo Bank, NA. The Series 2015 Bonds mature in various monthly installments ranging from \$70,000 to \$135,000 beginning on July 1, 2015 with final maturity on June 2, 2025 and bear interest at 3.35% per annum after the change due to the Tax Cuts and Jobs Act.

Reissued SC JEDA Fixed Rate Revenue Bonds			
Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 1,435,000	\$ 247,140	\$ 1,682,140
2022	1,490,000	195,381	1,685,381
2023	1,525,000	141,998	1,666,998
2024	1,560,000	77,981	1,637,981
2025	1,620,000	31,104	1,651,104
Totals	<u>\$ 7,630,000</u>	<u>\$ 693,604</u>	<u>\$ 8,323,604</u>

### ***Mortgage Backed Securities - Major Discretely Presented Component Unit***

On December 19, 2012, the Authority refinanced its 2004 Series A and B bonds with Government National Mortgage Agency (GNMA) mortgage backed securities (MBS) (Series 2012). The annual interest rate associated with the GNMA MBS (Series 2012) is a fixed 2.94%. The scheduled maturities of the Authority's GNMA MBS (Series 2012) are as follows:

Fiscal Year Ending	GNMA MBS (Series 2012)		
<u>June 30,</u>	Principal	Interest	Total
2021	\$ 16,257,432	\$ 7,237,589	\$ 23,495,021
2022	16,741,894	6,753,127	23,495,021
2023	17,240,793	6,254,228	23,495,021
2024	17,754,558	5,740,463	23,495,021
2025	18,283,634	5,211,387	23,495,021
2026-2030	99,922,858	17,552,248	117,475,106
2031-2035	67,387,148	3,097,916	70,485,064
<b>Total</b>	<b>\$ 253,588,317</b>	<b>\$ 51,846,958</b>	<b>\$ 305,435,275</b>

On December 30, 2013, the Authority refinanced its 2004 Central Energy Plant Economic Development Revenue Bonds (CEP Series 2004 bonds) with Government National Mortgage Agency (GNMA) mortgage backed securities (MBS) (Series 2013). The annual interest rate associated with the GNMA MBS (Series 2013) is a fixed 3.85%. The scheduled maturities of the Authority's GNMA MBS (Series 2013) are as follows:

Fiscal Year Ending	GNMA MBS (Series 2013)		
<u>June 30,</u>	Principal	Interest	Total
2021	\$ 2,447,520	\$ 1,258,017	\$ 3,705,537
2022	2,543,430	1,162,107	3,705,537
2023	2,643,099	1,062,438	3,705,537
2024	2,746,673	958,864	3,705,537
2025	2,854,306	851,231	3,705,537
2026-2030	16,039,569	2,488,115	18,527,684
2031-2032	4,515,163	116,755	4,631,918
<b>Total</b>	<b>\$ 33,789,760</b>	<b>\$ 7,897,527</b>	<b>\$ 41,687,287</b>

On November 17, 2016, the Authority closed on a \$316.4 million mortgage insured by HUD through the Federal Housing Administration's (FHA's) Section 242 Hospital Mortgage Insurance Program. The principal amount of the mortgage will bear interest at 3.59% and will be amortized over 25 years. The scheduled maturities are as follows:

Fiscal Year Ending	GNMA MBS (Series 2016)		
<u>June 30,</u>	Principal	Interest	Total
2021	8,228,773	10,962,490	19,191,263
2022	8,529,096	10,662,167	19,191,263
2023	8,840,379	10,350,884	19,191,263
2024	9,163,023	10,028,240	19,191,263
2025	9,497,443	9,693,820	19,191,263
2026-2030	52,946,624	43,009,691	95,956,315
2031-2035	63,339,955	32,616,360	95,956,315
2036-2040	75,773,481	20,182,835	95,956,316
2041-2045	72,790,171	5,574,153	78,364,324
<b>Total</b>	<b>\$ 309,108,945</b>	<b>\$ 153,080,640</b>	<b>\$ 462,189,585</b>

On October 15, 2018, the Authority closed on a \$36.4 million mortgage note series 2018A with United Community Bank. The principal amount of the mortgage will bear interest at 4.32% and will be amortized over five years. The schedule of maturities are as follows:

Fiscal Year Ending	Series 2018A		
<u>June 30,</u>	Principal	Interest	Total
2021	643,626	1,546,165	2,189,791
2022	672,283	1,517,508	2,189,791
2023	702,217	1,487,574	2,189,791
2024	33,515,182	734,084	34,249,266
<b>Total</b>	<b>\$ 35,533,308</b>	<b>\$ 5,285,331</b>	<b>\$ 40,818,639</b>

On December 12, 2019, the Authority closed on a \$133.4 million loan with TD Bank to refinance the Hospital Acquisition Loan with TD Bank. The principal amount of the loan will bear interest at 3.00% and will be amortized over 25 years.

Debt service requirements associated with the Authority's outstanding FHA GNMA Series 2019 are as follows:

Fiscal Year Ending June 30,	GNMA MBS (Series 2019)		
	Principal	Interest	Total
2021	3,684,245	3,906,087	7,590,332
2022	3,796,305	3,794,027	7,590,332
2023	3,911,774	3,678,558	7,590,332
2024	4,030,754	3,559,578	7,590,332
2025	4,153,353	3,436,979	7,590,332
2026-2030	22,740,311	15,211,352	37,951,663
2031-2035	26,415,527	11,536,136	37,951,663
2036-2040	30,684,719	7,266,943	37,951,662
2041-2045	32,465,393	2,323,631	34,789,024
Total	<u>\$ 131,882,381</u>	<u>\$ 54,713,291</u>	<u>\$ 186,595,672</u>

### **Notes Payable - University and Blended Component Units**

On February 21, 2019, the Board of Trustees approved a resolution authorizing the University to use the South Carolina Master Lease Program for the purpose of financing the costs of purchasing and implementing energy conservation measures that will benefit the University with the understanding that the debt service payments will be generated from the associated energy savings. Pursuant to this resolution, the University borrowed \$30,000,000 from TD Equipment Finance during fiscal year 2019. There were no principal payments related to this note for fiscal year 2019.

The scheduled maturities of the energy note payable are as follows:

Year Ending June 30,	TD Equipment Finance, Inc. Energy Note		
	Principal	Interest	Total
2021	\$ —	\$ 979,361	\$ 979,361
2022	948,312	1,989,769	2,938,081
2023	2,123,662	814,420	2,938,082
2024	2,186,074	752,008	2,938,082
2025	2,250,319	687,763	2,938,082
2026 - 2030	12,283,341	2,407,069	14,690,410
2031 - 2035	10,208,292	564,675	10,772,967
	<u>\$ 30,000,000</u>	<u>\$8,195,065</u>	<u>\$38,195,065</u>

UMA has a line of credit with Wells Fargo Bank with a maximum borrowing limit of \$10 million, on which UMA could draw for working capital. The loan bears interest at the one-month LIBOR plus 1.25%, with a floor of 1% for LIBOR and is secured by all unrestricted accounts receivable. During fiscal year 2020, there were no advances under this line of credit, and there was no outstanding balance as of June 30, 2020. In June 2020, this line of credit expired and was renewed with basically the same terms through June 17, 2021.

On November 1, 2003, the South Carolina Jobs-Economic Development Authority issued Economic Development Revenue Bonds (CHS Development Company Project) Series 2003 (CHS Series 2003 Bonds) in the amount of \$32,985,000 with final maturity on January 1, 2025. Interest rates range from 3 percent to 5 percent. The proceeds were loaned to CHS Development Company and used to finance the renovation and equipping of the old Charleston High School to accommodate approximately 40,000 square feet of classroom and office space, the construction and equipping of an adjacent building consisting of approximately 40,000 square feet of additional classroom and office space, the construction of an adjacent parking garage, and the construction of approximately 10,000 square feet of mixed use retail/services space. The renovated high school building, the new adjacent building, and the parking garage are leased to the University. Pursuant to the loan agreement, CHS is obligated to make payments in amounts sufficient to pay the principal and interest on the bonds and certain other fees and expenses. Payment of principal and interest on the bonds is insured under a financial guaranty insurance policy.

On December 21, 2012, the South Carolina Jobs-Economic Development Authority issued Economic Development Refunding Revenue Bonds (CHS Development Company Project) Series 2012 (CHS Series 2012 Bonds) in the amount of \$19,290,000. After deducting the related closing costs of \$312,747.35, the net proceeds of the CHS Series 2012 Bonds of \$18,977,252.65 along with \$6,080,447.35 of cash held by the trustee of the CHS Series 2003 Bonds was deposited in escrow for the purpose of redeeming all of the outstanding principal and accrued interest of the CHS Series 2003 Bonds. Subsequently, on January 1, 2013, the CHS Series 2003 Bonds were fully redeemed. This refunding resulted in an accounting loss of \$610,399 which has been deferred and will be amortized over the pre-refunding remaining life of the refinanced obligation using the effective-interest method. As a result of this refunding, CHS reduced its total debt service payments over the next twelve years by approximately \$3,468,000 and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$2,081,000.

Effective August 1, 2014, the CHS Series 2012 Bonds were converted to tax-exempt status. The sole impact of this tax-exempt conversion was to lower the annual interest rate (effective August 1, 2014 forward) on all then-outstanding bonds to 2.25%.

The scheduled maturities of the CHS Series 2012 bonds (including the impact of the lowered interest rate) are as follows:

Fiscal Year Ending June 30,	SC JEDA Refunding Revenue Bonds - CHS Series 2012		
	Principal	Interest	Total
2021	1,670,000	198,900	1,868,900
2022	1,720,000	161,325	1,881,325
2023	1,765,000	122,625	1,887,625
2024	1,815,000	82,913	1,897,913
2025	1,870,000	42,075	1,912,075
Total	<u>\$ 8,840,000</u>	<u>\$ 607,838</u>	<u>\$ 9,447,838</u>

During the year ended June 30, 2020, CHS paid \$1,620,000 in principal and \$217,125 in interest related to these bonds.

### **Notes Payable - Major Discretely Presented Component Unit**

In April 2013, the Authority entered into a \$13.8 million equipment lease/purchase agreement with Wells Fargo Bank, NA for the purpose of obtaining energy conservation equipment for the Authority's central energy plant. This 10-year note bears an annual interest rate of 3.50%.

Fiscal Year Ending June 30,	Wells Fargo note		
	Principal	Interest	Total
2021	1,509,249	128,781	1,638,030
2022	1,562,770	75,260	1,638,030
2023	1,169,300	20,183	1,189,483
Total	<u>\$ 4,241,319</u>	<u>\$ 224,224</u>	<u>\$ 4,465,543</u>

The Authority borrowed \$120.0 million in revenue anticipation notes from Wells Fargo and will use the proceeds of the loans to defray the payment of a portion of the operating the payment of a portion of the operating expenses and expenditures to be made in connection and operation of the acquired Carolina Hospital System. On April 1, 2020, RAN B and C were renewed at an interest rate of 3.36% with maturity dates of October 23, 2020. RAN B and C were renewed in anticipation of lost revenues due to COVID-19.

Short-term liability activity for the year ended June 30, 2020 for the Authority was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<b>Medical University Hospital Authority</b>					
Revenue Anticipation Note Series 2019A	\$ 55,000,000	\$ —	\$ —	\$ 55,000,000	\$ 55,000,000
Revenue Anticipation Note Series 2019B	35,000,000	35,000,000	(35,000,000)	35,000,000	35,000,000
Revenue Anticipation Note Series 2019C	30,000,000	30,000,000	(30,000,000)	30,000,000	30,000,000
Total Authority short-term liabilities	<u>\$ 120,000,000</u>	<u>\$ 65,000,000</u>	<u>\$ (65,000,000)</u>	<u>\$ 120,000,000</u>	<u>\$ 120,000,000</u>

## **13. LEASE OBLIGATIONS**

The University's future commitments for capital leases and for operating leases having remaining noncancelable terms in excess of one year as of June 30, 2020 are as follows:

On the Statement of Net Position, the University's capital leases with blended component units are reported as interfund payables and the capital leases with the discretely presented component unit are reported as due to component unit.

Fiscal Year Ending	Capital Leases with			Operating Leases with			Total Operating Leases
	Blended	Discretely	External Entities	Blended	Discretely	External Entities	
	Component	Presented		Component	Presented		
	Units	Component Unit		Unit	Component Units		
<u>June 30,</u>							
2021	\$ 1,877,316	\$ 4,058,863	\$ 97,552	\$ 2,179,779	\$ 3,405,362	\$ 5,452,801	\$ 11,037,942
2022	1,877,316	4,058,863	40,657	2,178,875	2,089,277	3,848,249	8,116,401
2023	1,877,316	4,058,863	4,153	2,150,138	1,712,375	3,281,042	7,143,555
2024	1,877,316	4,058,863	—	1,145,803	954,272	2,644,494	4,744,569
2025	1,251,546	4,058,863	—	—	—	2,516,133	2,516,133
2026 - 2030	—	20,294,316	—	—	—	4,757,022	4,757,022
2031 - 2035	—	20,294,316	—	—	—	—	—
2036 - 2040	—	15,220,739	—	—	—	—	—
Total minimum lease payments	8,760,810	76,103,686	142,362	<u>\$ 7,654,595</u>	<u>\$ 8,161,286</u>	<u>\$ 22,499,741</u>	<u>\$ 38,315,622</u>
Less interest	<u>(847,272)</u>	<u>(36,265,665)</u>	<u>(10,225)</u>				
Present value of minimum lease payments	<u>\$ 7,913,538</u>	<u>\$ 39,838,021</u>	<u>\$ 132,137</u>				

On October 18, 2018, The University sold an office building and parking garage. The University will leaseback the building and the garage for a period of one year and after this one year period, it will leaseback 62.40% of the parking garage for a period of ten years. Due to this sale-leaseback, the University recorded a deferred gain of \$3,812,274 and will amortize this deferred gain over the ten-year life of the parking garage lease. As of June 30, 2020, the balance of the unamortized deferred gain was \$3,431,047. The lease payments are included in the above schedule.

### Operating Leases

The University's noncancelable operating leases provide for renewal options for periods from one to five years at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis. Total operating lease expense in fiscal year 2020 for the University was \$10,263,294. Included in this amount and pursuant to an operating lease agreement with the Authority that covers space each entity uses in real property owned by the other entity, the University paid the Authority \$1,154,023.

As discussed in note 16 and note 17, for the year ended June 30, 2020, the University had certain other operating leases with related parties.

University Medical Associates leases facilities and equipment under operating leases expiring at various dates. Rent expense under these various agreements was \$10,383,739 in fiscal year 2020.

The future minimum lease payments under UMA noncancelable operating leases with initial or remaining terms in excess of one year are as follows:

Fiscal Year Ending	Operating Leases with		Total Operating Leases
	Discretely-Presented Component Units	External Entities	
<u>June 30,</u>			
2021	\$ 6,381,526	\$ 3,806,013	\$ 10,187,539
2022	6,292,167	2,273,166	8,565,333
2023	6,051,577	1,234,285	7,285,862
2024	4,740,918	755,997	5,496,915
2025	954,582	344,623	1,299,205
2026 - 2030	735,206	202,067	937,273
Total	<u>\$ 25,155,976</u>	<u>\$ 8,616,151</u>	<u>\$ 33,772,127</u>

UMA subleases various properties to the University, the Authority, and external parties. Under these lease agreements for the fiscal year ended June 30, 2020, UMA received rent of \$6,688,237, composed of \$2,195,696 from the University, \$4,350,029 from the Authority, and \$142,512 from external parties.



The minimum rentals to be received under noncancelable leases with remaining terms in excess of one year are as follows:

Fiscal Year Ending June 30,	Operating Leases with			Total Operating Leases
	University	Discretely-Presented Component Unit	External Entities	
2021	\$ 2,179,026	\$ 4,328,771	\$ 113,593	\$ 6,621,390
2022	2,178,875	4,302,457	—	6,481,332
2023	2,150,138	4,009,801	—	6,159,939
2024	1,145,803	2,818,780	—	3,964,583
2025	—	2,117,366	—	2,117,366
Totals	<u>\$ 7,653,842</u>	<u>\$ 17,577,175</u>	<u>\$ 113,593</u>	<u>\$ 25,344,610</u>

## Capital Leases

Capital leases are generally payable in monthly installments from current resources. Certain University capital leases provide for renewal and/or purchase options. Generally, purchase options at bargain prices of one dollar are exercisable at the expiration of the lease terms.

A portion of the Strom Thurmond Biomedical Research Center has been subleased to the United States Department of Veterans Affairs for a period of 20 years at an annual rent of \$1,264,670.

Monthly payments are made to a financial institution as trustee under a capital lease with CHS Development Company for the CHS building, an adjacent office building, and a parking garage.

In fiscal year 2009, the University entered into capital lease agreements with MUSCF for a parking garage and two office buildings. The amount recorded as buildings related to these properties was \$47.2 million. During fiscal year 2020, the University made principal payments of \$903,791 and interest payments of \$3,155,072 related to these capital lease agreements with MUSCF.

The column in the University capital and operating lease schedule titled Capital Leases with Blended Component Unit reflects the repayment schedule for the capital lease with CHS, and the column titled Capital Leases with Discretely Presented Component Unit reflects the repayment schedule for the capital leases with MUSCF.

The following is a summary of the carrying value of all assets held by the University associated with capital leases at June 30, 2020:

	Capital Leases with		
	Blended Component Unit	Discretely Presented Component Unit	External Entities
Equipment	\$ —	\$ —	\$ 244,185
Buildings	91,632,764	47,200,000	—
Total cost	91,632,764	47,200,000	244,185
Less accumulated depreciation	(59,629,553)	(17,700,001)	(99,614)
Carrying value	<u>\$ 32,003,211</u>	<u>\$ 29,499,999</u>	<u>\$ 144,571</u>

On January 9, 1995, UMA prepaid MUSCF \$37 million in connection with the acquisition of Rutledge Tower from Bon Secours St. Francis Hospital. This facility is used to house ambulatory care clinics, administrative offices and space subleased to others and includes a parking garage. The lease term originally expired on June 30, 2027, but was extended to July 1, 2037 in connection with the fiscal year 2009 refunding of certain acquisition indebtedness. The lease is renewable for successive five-year terms. This prepayment was allocated based upon appraised values as follows: (a) cost of land was recorded as prepaid rent, (b) cost of buildings and fixed equipment was recorded as building under capital lease, and (c) cost of other equipment was recorded as equipment under capital lease. In October 2003, MUSCF sold a portion of the property subject to this lease agreement and refunded \$1,000,000 of the prepaid rent attributable to the agreement. These amounts are being amortized on a straight-line basis over the useful lives of 10 years for the equipment and 39.5 years for the prepaid land rent and building. Rent expense of \$338,226 and depreciation expense of \$474,224 were recorded for the year ended June 30, 2020.

The following schedule reflects the remaining basis of assets acquired under this capital lease as of June 30, 2020.

Description	Capitalized Cost	Accumulated Depreciation	Carrying Value
Prepaid rent - MUSCF	\$ 19,052,400	\$ (13,152,556)	\$ 5,899,844
Building under capital lease	13,989,600	(12,092,709)	1,896,891
Equipment under capital lease	2,958,000	(2,958,000)	—
Totals	<u>\$ 36,000,000</u>	<u>\$ (28,203,265)</u>	<u>\$ 7,796,735</u>

## 14. STATE APPROPRIATIONS

The Medical University of South Carolina is granted an annual appropriation for operating purposes as authorized by the General Assembly of the State of South Carolina. State appropriations are recognized as revenue when received. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the State unless the University receives authorization from the General Assembly to carry the funds over to the next year.

The original appropriation is the University's base budget amount presented in the General Funds column of Sections 23 and 24 of Part IA of the 2019-2020 Appropriation Act. The following schedule is a reconciliation of the original appropriation as enacted by the General Assembly to state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2020.

### **Non-capital appropriations**

Current year appropriations:

Original appropriation per Annual Appropriations Act:

Designated for the University	\$ 76,256,215
Designated for telemedicine program	6,225,000
Designated for Adult Burn Unit	3,000,000
Statewide Health	5,750,000

Other appropriations:

STEM equipment appropriation	4,523,265
Designated for Helipad	26,664
COVID-19 Appropriations	25,000,000

State Budget and Control Board Allocations:

For employer share of health and dental insurance	486,161
For SCRS & PORS .50% rate increase	1,390,000

Interagency transfers:

From Commission on Higher Education:

Academic Endowment	34,781
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Appropriation Transfers from the Department of Health and Human Services:

Disproportionate Share	18,628,621
Maxillofacial	225,086

Total non-capital appropriations recorded as current year revenue	<u>\$ 141,545,793</u>
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### **Capital Appropriations**

Capital Reserve Appropriations	\$ 12,000,000
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Total capital appropriations recorded as current year revenue	<u>\$ 12,000,000</u>
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Capital Improvement and Research Infrastructure bonds are issued by the State to fund improvements and expansion of various State facilities. The University is not obligated to repay these funds to the State. Authorized funds can be requested as needed once State authorities have given approval to begin specific projects and project expenses have been incurred. In fiscal year 2020, the University did not receive any research infrastructure bond proceeds.

The telemedicine program, adult burn unit, disproportionate share, and maxillofacial appropriations were designated for the Authority. The University paid the amounts received for these items to the Authority during fiscal year 2020.

## 15. INCOME TAXES

The University, as a political subdivision of the State of South Carolina, is exempt from federal and state income taxes. The income of the University is exempt under Section 115(1) of the Internal Revenue Code, as amended. However, in certain cases, revenue may be generated from activities that are not related to the University's tax-exempt purpose. These activities could result in unrelated business income and, if so, would be subject to tax and filing requirements according to Internal Revenue Code Section 511(a)(2)(B). The University timely filed its report of unrelated business activity (Form 990-T) with the Internal Revenue Service for the year ended June 30, 2019. No tax liability from unrelated business activities was reported in fiscal year 2019. The University does not believe it will incur a material income tax liability for fiscal year 2020 from its unrelated business activities; therefore, no tax provision has been recorded for fiscal year 2020.

UMA is exempt from federal and state income taxes under Section 501(a) of the Internal Revenue Code as an organization described in 501(c)(3). As such, UMA is generally not subject to federal or state income taxes. However, UMA remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. The blended component units of UMA have cumulative unused net operating losses totaling \$15,586,661 that may be offset against future taxable income of the respective companies. These net operating loss carry-forwards will expire as follows if not used: \$3,626 in 2021, \$1,369,632 in 2022, \$606,307 in 2023, \$1,887,013 in 2036, \$325,320 in 2037, \$2,023,540 in 2038, \$160,807 in 2039, and \$9,210,416 in 2040.



Current year income tax expense resulted from income taxes on unrelated business income for transactions between UMA and its taxable subsidiaries and investment income from a joint venture in CPCP. No associated deferred tax assets have been recognized in these financial statements due to the uncertainty regarding future taxable income of the taxable component units.

## 16. BLENDED COMPONENT UNITS

The following is a summary of the receivables and payables between and among the University and the blended component units at June 30, 2020.

	Due From	Due To
<b>The University</b>		
University Medical Associates - Due to other funds - current		\$ 28,101,197
CHS Development Company - Interfund payables - current		\$ 1,563,060
CHS Development Company - Interfund payables - noncurrent		\$ 6,350,478
<b>University Medical Associates</b>		
The University - Due from other funds - current	\$ 28,101,197	
<b>Nonmajor Enterprise Fund</b>		
<b>CHS Development Company</b>		
The University - Interfund receivables - current	\$ 1,563,060	
The University - Interfund receivables - noncurrent	\$ 6,350,478	

### **University Medical Associates**

Revenue from the operations of University Medical Associates is available to pay its operating expenses and support activities of the academic departments at the Medical University of South Carolina including faculty and staff compensation. Any excess may be paid to the University or retained within UMA for future use. Pursuant to this practice, UMA provided support to the University totaling \$81,701,932 for the year ended June 30, 2020. This support is reported as interfund transfers.

On April 20, 2003, the University and UMA entered into an agreement whereby UMA will provide patient care to Medicaid recipients in appropriate clinical and educational settings. The University will reimburse UMA in an amount equal to the supplemental payment made to the University by the South Carolina Department of Health and Human Services (SC DHHS). Payments to the University from SC DHHS are made in accordance with a South Carolina Medicaid Plan amendment which provides reimbursement for the inherent inefficiencies of providing care to Medicaid patients while instructing medical students. For the fiscal year ended June 30, 2020, the University reported revenue of \$59,888,386 from SC DHHS and an expense to UMA of \$59,888,386. The South Carolina Medicaid Plan is an important source of patient care funding for UMA. There can be no assurance that UMA will continue to qualify for future participation in the South Carolina Medicaid Plan or that the Plan will not ultimately be discontinued or materially modified. Any material reduction in the funding received from the Plan would have a correspondingly material adverse effect on UMA's operations.

UMA amounts due from the University as of June 30, 2020, were as follows:

Description	Amount
Agency fund amount in excess of prepaid	\$ 10,000
Rental property related costs	19,446
Supplemental Medicaid payments	26,300,000
Salary reimbursements	1,938,622
Other	(166,871)
Net due from the University	\$ 28,101,197

The above amount is reflected on the Statement of Net Position as Due from other funds.

The physicians of UMA practice medicine at the Authority facilities and perform various services under several cooperative agreements which resulted in the net payment from the Authority to UMA of \$124,720,730 during the fiscal year ended June 30, 2020. This amount includes various salary reimbursement arrangements as well as the ambulatory patient care and revenue cycle support and other agreements discussed below.

UMA and the Authority have entered into an agreement whereby UMA will be reimbursed an annual fixed amount for providing an environment for ambulatory and community based primary care clinical education and research for University residents and students. UMA will also be reimbursed for applicable shared costs of their joint revenue cycle operations. In addition, UMA shall be entitled to reimbursement for, but not limited to: expenses for facilities necessary to perform this agreement, personnel costs, insurance, necessary supplies and equipment and

necessary capital improvements. The parties agree each year to an estimated budget to be paid ratably over the year to UMA as reimbursement of its costs. The following reflects the activity reported under this agreement for the fiscal year ended June 30, 2020:

Revenues:

Ambulatory Care and Authority revenue cycle support	\$ 5,401,029
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Operating Expenses:

Ambulatory Care and Authority revenue cycle support	(4,158,428)
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Interest expense allocated to Agreement	(1,242,601)
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Change in net position	<u>\$ —</u>
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UMA has entered into a managed care contract and reimbursement agreement with the Authority. UMA performs services regarding managed care operations for the Authority and its subsidiaries, including arranging for contracts with various third-party payors. The agreement is renewed annually and may be terminated, by either party, 30 days prior to the expiration of the term in effect. Certain costs from these operations of the managed care services are shared as follows: UMA (40%), MUSC Health Partners (MHP), a blended unit of UMA (10%), and the Authority (50%). For the year ended June 30, 2020, of total managed care costs of \$628,337, UMA, the Authority and MHP shared expenses of \$251,335, \$62,834, and \$314,168 respectively.

UMA also provides billing and collection services to the Authority related to certain limited clinical services, for which UMA receives an administrative fee. Total billings by UMA for these services were \$51,416,384 in fiscal year 2020. During fiscal year 2020, the amounts collected and remitted by UMA to the Authority with respect to these billings amounted to \$6,693,837, net of administrative fees of \$777,805.

UMA amounts due from the Authority as of June 30, 2020, were as follows:

Description	Amount
Ambulatory care and Authority revenue cycle support	\$ 479,802
Psychiatry clinical enterprise agreement	(563,164)
Patient receivables	(30,484)
Salary reimbursements	941,709
Managed care contract	6,657
Rental expenses	81,825
Due to MUHA - RHN/RHN Settlement	(2,237,696)
Other receivables	1,781,201
West campus capital outlay reimbursement	(6,393,076)
Imaging equipment	(2,947,134)
Other payables	(8,215,078)
Net amount due to the Authority	<u>\$ (17,095,438)</u>

## **CHS Development Company**

On November 1, 2003, CHS Development Company entered into a ground lease agreement with the Medical University of South Carolina Foundation (MUSCF) as part of a plan of financing the development of the former Charleston High School property for use by the University. The ground lease required CHS to prepay rent of \$3,140,000 to MUSCF. The prepayment is being amortized on a straight-line basis over 20 years. Amortization expense of \$156,349 was recorded for the year ended June 30, 2020, leaving an unamortized balance of \$395,409. The lease terminates on the earlier of December 1, 2035, or the date that the related bonds are paid in full. On November 1, 2003, CHS also entered into a lease agreement with the University. Under the terms of the agreement, the University will lease from CHS the site and all improvements thereon, including the buildings. The term of the lease began on March 1, 2005 and ends on January 1, 2025. During fiscal year 2020, CHS recognized interest income of \$380,868 associated with its capital lease with the University.

During fiscal year 2020, CHS transferred \$15,186 to the University as reimbursement for costs incurred in financing the CHS project.

## **17. DISCRETELY PRESENTED COMPONENT UNITS**

Only MUSCF and MFRD report under Financial Accounting Standards Board (FASB) standards. Accordingly, net assets and changes therein are classified as follows:

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

*Net asset with donor restrictions* - Net assets that are subject to stipulations imposed by donors and grantors.

Revenues are reported as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

MFRD recognizes grant and contract revenue based upon work performed at the reporting date under specific contract terms. License fee and royalty income is recognized based on agreement milestones. MFRD recognizes revenue from registration and seminar fees once the event is complete.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

### ***Medical University Hospital Authority***

Effective June 16, 2000, the University and the Authority entered into an affiliation agreement which outlines the availability of facilities, use of house staff, and insurance coverage. The affiliation agreement has been renewed several times since June 2000. The most recent renewal is effective from July 1, 2019 through June 30, 2020.

The University billed the Authority \$123,746,440 during the fiscal year ended June 30, 2020 for the use of interns and residents, professional services of the College of Medicine, physical plant, rent, public safety, and other administrative and financial services. The University incurred expenses to the Authority of approximately \$4,300,000 during the fiscal year ended June 30, 2020 for rent, various administrative and support services.

At June 30, 2020, the net amount due the University from the Authority was \$8,538,501.

The Authority and the University entered into an agreement in fiscal year 2007 whereby the Authority will provide patient care to Medicaid and medically indigent patients, and appropriate clinical and educational settings for patient care, education and research to all residents and students of the University. In exchange for these services, the University will reimburse the Authority an amount equal to the appropriation transfer from the South Carolina Department of Health and Human Services. For the fiscal year ended June 30, 2020, the University reported State appropriations revenue of \$18,628,621 and an operating expense to the Authority of \$18,628,621. Since this payment relates directly or indirectly to patient care, the Authority has included this amount in net patient service revenue.

During fiscal year 2020, the University received \$9,225,000 in State appropriations designated for the Authority to be used for an adult burn unit and telemedicine programs. This amount, which was paid by the University to the Authority during fiscal year 2020, is included in the University's State appropriation revenues and in the University's operating expenditures.

### ***Medical University of South Carolina Foundation***

The University provides office space and pays certain administrative costs for MUSCF which are reimbursed throughout the year. MUSCF provided support to the University for general and departmental expenses totaling \$20,062,998 in fiscal year 2020. The University recorded this revenue as gifts. In addition, the University received from MUSCF in fiscal year 2020, \$27,543 in donated capitalized equipment and \$28,792 in equipment and services expensed by the University. The amount due the University for gifts from MUSCF at June 30, 2020 was \$1,248,021.

During fiscal year 2020, MUSCF leased various properties via operating leases to the University, the Authority, and UMA. In addition, as described in note 13, during fiscal year 2009, MUSCF entered into capital lease agreements with the University.

MUSCF has an agreement with the University which allows the University to make periodic deposits to MUSCF of the corpus of endowments received by the University primarily from the South Carolina Commission on Higher Education under the SmartState Centers of Economic Excellence program. MUSCF will provide earnings to the University at the investment earnings rate, net of investment fees, of the pooled investments of MUSCF. After the first twelve months held by MUSCF, the principal is due with thirty days written notice by the University. The balance owed under this agreement at June 30, 2020 is \$102,634,435 which includes accrued interest and realized and unrealized net gains and losses of \$10,478,194.

MUSCF acquired the Rutledge Tower building in 1993 and leased the properties to UMA. During April 1996, MUSCF's board of directors passed a resolution to transfer the title on Rutledge Tower and associated facilities to the University at the end of the lease term which is the later of (1) June 30, 2024, or (2) the date on which all principal of and premium, if any, and interest on the direct note obligations have been paid. This was considered a contribution by MUSCF, and was recorded by MUSCF as a contribution payable and contribution expense in 1996 at the value of the land, \$17,852,400. The buildings and equipment do not have a residual value at the end of the lease. The pledge has not been recorded by the University because the net realizable value is not readily determinable and because of the uncertainties created by the fact that the transfer will not be made until the end of the lease term.

### ***MUSC Foundation for Research Development***

MFRD has entered into an annual contract with the University to provide management services for research and intellectual property activities. The agreement incorporates the contractual obligations for the intellectual property activities and addresses insurance, indemnity and other basic contractual obligations. Additionally, the agreement requires an annual accounting of the state property, personnel and resources used directly by MFRD, as well as reimbursement or demonstration that adequate in-kind reimbursement through provision of funds or services to the University has been made. The agreement provides for automatic annual renewal unless either party notifies the other six months prior to the renewal date. MFRD recognized support of \$1,400,000 related to this agreement during the fiscal year ended June 30, 2020.

The University has assigned the rights to certain intellectual property owned by the University to MFRD. MFRD incurs the cost of patent prosecution and commercialization of the intellectual property. Legal fees and other costs associated with patent prosecution are expensed as incurred as the future economic benefits are uncertain and not measurable.

As of June 30, 2020, the net amount due from the University to MFRD was \$230,444.

### ***MUSC Strategic Ventures***

The University does not have any agreements with MSV nor has it had any transactions with MSV during the fiscal year ended June 30, 2020. UMA provides general accounting and tax services to MSV. UMA also provides payroll and other expense reimbursement services to MSV personnel. MSV reimburses UMA for the cost of the payroll, including fringe benefits and other expenses.

## 18. RISK MANAGEMENT

The University and its component units are exposed to various risks of loss and maintain State or commercial insurance coverage for each of those risks except health, accident and dental insurance claims for UMA, which are self-insured. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage from coverage in the prior year. Settled claims have not exceeded this coverage in any of the past three years. State management believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets and the State itself assumes substantially all risks for the following:

1. Claims of State employees for unemployment compensation benefits (Employment Security Commission);
2. Claims of covered employees for workers' compensation benefits for job-related illnesses or injuries (State Accident Fund);
3. Claims of covered employees for health and dental insurance benefits (Office of Insurance Services); and
4. Claims of covered public employees for long-term disability and group-life insurance benefits (Office of Insurance Services).

Employees elect health coverage either through a health maintenance organization or through the State's self-insured plan.

The University and other entities pay premiums to the State's Insurance Reserve Fund (IRF) which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following activities:

1. Theft of, damage to, or destruction of assets;
2. Real property, its contents, and other equipment;
3. Motor vehicles and watercraft;
4. Torts;
5. Business interruptions;
6. Natural disasters;
7. Medical malpractice claims against covered clinics, hospitals, employees, and third- and fourth-year medical students.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in certain areas. The IRF's rates are determined actuarially.

The University obtains coverage through commercial insurers for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation as well as for directors and officers insurance. The University also obtains coverage through a commercial insurer for a second layer of professional liability insurance for certain practitioners practicing outside the State of South Carolina. The University also has policies which cover cyber risk.

UMA and its component units are exposed to various risks related to: torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters. UMA, as the recognized clinical practice plan of the Medical University of South Carolina (MUSC), is granted statutory protection and recovery limitations for MUSC physicians' clinical activities. Pursuant to State law, these physicians are insured by the South Carolina Insurance Reserve Fund which is sustained through premiums paid by State agencies and governmental entities. For coverage of all other individuals and activities, UMA maintains coverage from commercial insurance companies. Management believes these coverages are sufficient to preclude any significant uninsured losses to UMA from risks that occur in normal and expected activities. Funds administered by the State of South Carolina or commercial insurance covers the following risks: 1) unemployment and worker's compensation benefits, 2) long-term disability benefits for employees, 3) theft of assets, 4) damage to property, and 5) tort liability claims including error and omissions. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with the insurance policy and benefit program limits. Settlement amounts have not exceeded insurance coverage for the current or preceding three years. Insurance coverage has been consistently maintained over this period with no significant reductions in coverage.

UMA and its component units provide employee life and disability benefits through commercial insurance companies and have established an employee benefit plan to self-insure employees for health, accident, and dental expenses. UMA records an estimated liability for incurred but not reported claims for this self-insured plan based on estimates of the ultimate cost of reported claims using the gross method. This estimated claims liability is included in "payables and accrued liabilities" on the Statement of Net Position. Changes in the incurred but not reported claims liability for fiscal years ended June 30, 2020 and 2019 were as follows:

	2020	2019
Liability balance - beginning	\$ 1,794,334	\$ 1,416,471
Current year claims and changes in estimates	23,200,157	16,132,671
Claims payments	(22,269,591)	(15,754,808)
Liability balance - ending	<u>\$ 2,724,900</u>	<u>\$ 1,794,334</u>

## 19. OPERATING EXPENSES BY FUNCTION

Operating expenses of the University by functional classification for the year ended June 30, 2020 are as follows:

	Compensation and Employee Benefits	Services and Supplies	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 107,476,170	\$ 109,966,810	\$ 2,704	\$ 936,336	\$ —	\$218,382,020
Research	133,848,010	67,424,528	42,708	5,900,837	—	207,216,083
Public service	87,014,813	29,567,822	5,681	104,454	—	116,692,770
Academic support	45,292,617	20,724,624	11,747	2,044,279	—	68,073,267
Student services	8,210,002	1,926,700	—	66,154	—	10,202,856
Institutional support	81,517,719	52,655,282	153,532	—	—	134,326,533
Operation and maintenance of plant	23,175,088	30,351,642	9,596,308	3,268	37,276,072	100,402,378
Scholarships and fellowships	—	—	—	4,627,274	—	4,627,274
Auxiliary enterprises	3,835,869	8,691,994	272,108	1,000	—	12,800,971
	<u>\$ 490,370,288</u>	<u>\$ 321,309,402</u>	<u>\$ 10,084,788</u>	<u>\$ 13,683,602</u>	<u>\$ 37,276,072</u>	<u>\$872,724,152</u>

## 20. DONOR RESTRICTED ENDOWMENTS

Endowments are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and that only the income be utilized. The University's endowments require that the income be used for specific purposes. If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purpose for which the endowment was established. Cumulative net realized and unrealized gains and losses, net of earned interest income, totaled \$10,478,191 at June 30, 2020.

In fiscal year 2020, the University received no additional funding from the South Carolina Commission on Higher Education for the SmartState Centers of Economic Excellence (COEE). This program funds endowed chair professorships, which are to be used "to recruit and maintain leading scientists and engineers at the senior research universities of South Carolina for the purpose of developing and leveraging the research capabilities of the universities for the creation of well-paying jobs and enhanced economic opportunities for the people of South Carolina." In addition to the COEE funding received in previous fiscal years, the University received, in fiscal year 2020, \$887,047 for other endowed purposes.

## 21. SUBSEQUENT EVENTS

During fiscal year 2020, the University received notification of federal funds available for mitigation and response efforts for COVID-19 which included federal CARES Act and FEMA Disaster Relief. The University was certified to receive \$468,847 in Part A funds under the federal CARES Act and expended \$468,847 on student emergency grants as required under the Act. In addition, the University was certified to receive \$468,847 in Part B funds under the federal CARES Act to cover institutional costs or foregone revenue related to COVID-19 and expended \$433,287 as of September 2020.

Subsequent to year end, the University received notification of additional funding available under the federal CARES Act through the State of South Carolina's accelerate SC program and submitted a reimbursement request in the amount of \$2,000,802. In June 2020, the University applied for FEMA Disaster Relief funds in the amount of \$300,798. As of the report date, the University has begun the Fall 2020 semester with on-line and in-person instruction. At the time of issuance, enrollment is expected to have increased by 3% percent over the prior year. In September of 2020, the Department of Health and Human Services released new guidance which was not available as of June 30, 2020 and which may impact future revenue recognition related to these funds.

UMA and the Authority received certain funding from the CARES Act Provider Relief Funds. In September of 2020, the Department of Health and Human Services released new guidance which was not available as of June 30, 2020 and which may impact future revenue recognition related to these funds.

## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of University's & Authority's Proportionate Share of the Net Pension Liability to PEBA (Unaudited)

This schedule presents historical trend information about the University's & Authority's proportionate share of the net pension liability for its employees who participate in the PEBA plans. GASB Statement No. 68 was implemented in fiscal year 2015. Information related to previous years is not available; therefore, trend information will be accumulated going forward to display a ten-year presentation.

	The University	The Authority
As of June 30, 2014 Measurement Date		
<b>South Carolina Retirement System (SCRS) Pension Plan</b>		
Proportion (percentage) of the collective net pension liability	1.956775 %	3.289076 %
Proportionate share (amount) of the collective net pension liability	\$ 336,891,856	\$ 566,288,522
Covered payroll	\$ 112,132,600	\$ 259,311,350
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll	300.44 %	218.38 %
Pension plan's fiduciary net position as a percentage of the total pension liability	59.90 %	59.90 %
<b>Police Officers Retirement System (PORS) Pension Plan</b>		
Proportion (percentage) of the collective net pension liability	0.256950 %	0.219620 %
Proportionate share (amount) of the collective net pension liability	\$ 4,919,140	\$ 4,204,542
Covered payroll	\$ 3,068,668	\$ 2,589,067
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll	160.30 %	162.40 %
Pension plan's fiduciary net position as a percentage of the total pension liability	67.50 %	67.50 %
As of June 30, 2015 Measurement Date		
<b>South Carolina Retirement System (SCRS) Pension Plan</b>		
Proportion (percentage) of the collective net pension liability	1.972448 %	3.377349 %
Proportionate share (amount) of the collective net pension liability	\$ 374,084,273	\$ 640,530,521
Covered payroll	\$ 114,377,211	\$ 268,970,820
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll	327.06 %	238.14 %
Pension plan's fiduciary net position as a percentage of the total pension liability	57.00 %	57.00 %
<b>Police Officers Retirement System (PORS) Pension Plan</b>		
Proportion (percentage) of the collective net pension liability	0.263390 %	0.219170 %
Proportionate share (amount) of the collective net pension liability	\$ 5,740,685	\$ 4,776,715
Covered payroll	\$ 3,172,719	\$ 2,692,311
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll	180.94 %	177.42 %
Pension plan's fiduciary net position as a percentage of the total pension liability	64.60 %	64.60 %

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.



**Schedule of University's & Authority's Proportionate Share of the Net Pension Liability to PEBA (continued)**  
(Unaudited)

	The University	The Authority
As of June 30, 2016 Measurement Date		
<b>South Carolina Retirement System (SCRS) Pension Plan</b>		
Proportion (percentage) of the collective net pension liability	2.016274 %	3.471014 %
Proportionate share (amount) of the collective net pension liability	\$ 430,673,150	\$ 741,403,467
Covered payroll	\$ 121,431,238	\$ 281,452,784
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll	354.66 %	263.42 %
Pension plan's fiduciary net position as a percentage of the total pension liability	52.90 %	52.90 %

**Police Officers Retirement System (PORS) Pension Plan**

Proportion (percentage) of the collective net pension liability	0.259410 %	0.215130 %
Proportionate share (amount) of the collective net pension liability	\$ 6,579,971	\$ 5,456,693
Covered payroll	\$ 3,307,181	\$ 2,730,140
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll	198.96 %	199.87 %
Pension plan's fiduciary net position as a percentage of the total pension liability	60.40 %	60.40 %

As of June 30, 2017 Measurement Date

**South Carolina Retirement System (SCRS) Pension Plan**

Proportion (percentage) of the collective net pension liability	2.040436 %	3.465263 %
Proportionate share (amount) of the collective net pension liability	\$ 459,334,957	\$ 780,086,431
Covered payroll	\$ 125,559,070	\$ 287,923,152
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll	365.83 %	270.94 %
Pension plan's fiduciary net position as a percentage of the total pension liability	53.30 %	53.30 %

**Police Officers Retirement System (PORS) Pension Plan**

Proportion (percentage) of the collective net pension liability	0.249430 %	0.216500 %
Proportionate share (amount) of the collective net pension liability	\$ 6,833,287	\$ 5,931,204
Covered payroll	\$ 3,359,012	\$ 2,653,533
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll	203.43 %	223.52 %
Pension plan's fiduciary net position as a percentage of the total pension liability	60.90 %	60.90 %

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

**Schedule of University's & Authority's Proportionate Share of the Net Pension Liability to PEBA (continued)  
(Unaudited)**

	The University	The Authority
As of June 30, 2018 Measurement Date		
<b>South Carolina Retirement System (SCRS) Pension Plan</b>		
Proportion (percentage) of the collective net pension liability	2.124130 %	3.521688 %
Proportionate share (amount) of the collective net pension liability	\$ 475,949,829	\$ 789,097,981
Covered payroll	\$ 128,724,334	\$ 289,354,840
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll	369.74 %	272.71 %
Pension plan's fiduciary net position as a percentage of the total pension liability	54.10 %	54.10 %

**Police Officers Retirement System (PORS) Pension Plan**

Proportion (percentage) of the collective net pension liability	0.247147 %	0.194558 %
Proportionate share (amount) of the collective net pension liability	\$ 7,003,017	\$ 5,512,877
Covered payroll	\$ 3,420,887	\$ 2,631,752
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll	204.71 %	209.48 %
Pension plan's fiduciary net position as a percentage of the total pension liability	61.70 %	61.70 %

As of June 30, 2019 Measurement Date

**South Carolina Retirement System (SCRS) Pension Plan**

Proportion (percentage) of the collective net pension liability	2.189804 %	3.584996 %
Proportionate share (amount) of the collective net pension liability	\$ 500,022,968	\$ 818,603,139
Covered payroll	\$ 131,529,189	\$ 318,346,955
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll	380.16 %	257.14 %
Pension plan's fiduciary net position as a percentage of the total pension liability	54.40 %	54.40 %

**Police Officers Retirement System (PORS) Pension Plan**

Proportion (percentage) of the collective net pension liability	0.235504 %	0.200396 %
Proportionate share (amount) of the collective net pension liability	\$ 6,749,420	\$ 5,743,241
Covered payroll	\$ 3,415,898	\$ 2,942,547
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll	197.59 %	195.18 %
Pension plan's fiduciary net position as a percentage of the total pension liability	62.70 %	62.70 %

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.



**Schedule of the University's & Authority's Contributions to PEBA  
(Unaudited)**

This schedule presents historical trend information about the University's & Authority's contributions for its employees who participate in the PEBA plan. GASB Statement No. 68 was implemented in fiscal year 2015. Information related to previous years is not available; therefore, trend information will be accumulated going forward to display a ten-year presentation.

The University's schedule of employer contributions for SCRS as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2013	\$18,848,990	\$18,848,990	\$0	\$113,563,756	16.60%
2014	\$18,830,198	\$18,830,198	\$0	\$112,132,600	16.79%
2015	\$20,158,543	\$20,158,543	\$0	\$114,377,211	17.62%
2016	\$21,594,565	\$21,594,565	\$0	\$121,431,238	17.78%
2017	\$23,798,940	\$23,798,940	\$0	\$125,559,070	18.95%
2018	\$29,848,121	\$29,848,121	\$0	\$128,724,334	23.19%
2019	\$33,668,152	\$33,668,152	\$0	\$131,529,189	25.60%
2020	\$37,459,934	\$37,459,934	\$0	\$134,914,953	27.77%

The University's schedule of employer contributions for PORS as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2013	\$366,488	\$366,488	\$0	\$2,979,578	12.30%
2014	\$396,816	\$396,816	\$0	\$3,068,668	12.93%
2015	\$437,581	\$437,581	\$0	\$3,172,719	13.79%
2016	\$454,407	\$454,407	\$0	\$3,307,181	13.74%
2017	\$478,323	\$478,323	\$0	\$3,359,012	14.24%
2018	\$555,552	\$555,552	\$0	\$3,420,887	16.24%
2019	\$588,901	\$588,901	\$0	\$3,415,898	17.24%
2020	\$613,118	\$613,118	\$0	\$3,361,393	18.24%

*See accompanying notes to required supplementary schedules and accompanying independent auditors' report.*

**Schedule of the University's & Authority's Contributions to PEBA (continued)**  
**(Unaudited)**

The Authority's schedule of employer contributions for SCRS as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2013	\$27,997,059	\$27,997,059	\$0	\$264,123,194	10.60%
2014	\$31,652,157	\$31,652,157	\$0	\$259,311,350	12.21%
2015	\$34,516,724	\$34,516,724	\$0	\$268,970,820	12.83%
2016	\$37,175,029	\$37,175,029	\$0	\$281,452,784	13.21%
2017	\$40,417,627	\$40,417,627	\$0	\$287,923,152	14.04%
2018	\$45,587,108	\$45,587,108	\$0	\$289,354,840	15.76%
2019	\$55,119,178	\$55,119,178	\$0	\$318,346,955	17.31%
2020	\$78,911,097	\$78,911,097	\$0	\$377,479,804	20.90%

The Authority's schedule of employer contributions for PORS as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2013	\$349,962	\$349,962	\$0	\$2,845,220	12.30%
2014	\$339,175	\$339,175	\$0	\$2,589,067	13.10%
2015	\$364,104	\$364,104	\$0	\$2,692,311	13.52%
2016	\$376,835	\$376,835	\$0	\$2,730,140	13.80%
2017	\$415,179	\$415,179	\$0	\$2,653,533	15.65%
2018	\$409,141	\$409,141	\$0	\$2,631,752	15.55%
2019	\$501,110	\$501,110	\$0	\$2,942,547	17.03%
2020	\$536,183	\$536,183	\$0	\$2,939,599	18.24%

*See accompanying notes to required supplementary schedules and accompanying independent auditors' report.*

**Notes to Required Supplementary Information  
(Unaudited)**

**SCRS**

Actuarial Valuation Date: Actuarially calculated contribution rates are calculated as of July 1, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level % of Pay
Amortization period as of the actuarial valuation date:	30-Year Maximum, close period

Asset valuation method:	5-year Smoothed
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Inflation:	2.25%
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Investment Return:	7.25%
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Salary Increases:	3.00% plus step-rate increases for members with less than 21 years of service.
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Mortality:	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.
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Comment on the development of the actuarially determined and actual contribution rate:	Contribution rate for fiscal year 2019 is determined in accordance with the Retirement System Funding and Administration Act of 2017.
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**PORS**

Actuarial Valuation date: Actuarially calculated contribution rates are calculated as of July 1, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level % of Pay
Amortization period as of the actuarial valuation date:	30-Year Maximum, closed period

Asset valuation method:	5-year Smoothed
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Inflation:	2.25%
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Investment Return:	7.25%
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Salary Increases:	3.50% plus step-rate increases for members with less than 15 years of service.
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Mortality:	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 125% and female rates are multiplied by 111%.
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Comment on the development of the actuarially determined and actual contribution rate:	Contribution rate for fiscal year 2019 is determined in accordance with the Retirement System Funding and Administration Act of 2017.
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**Schedule of University's & Authority's Proportionate Share of the Net OPEB Liability to PEBA  
(Unaudited)**

This schedule presents historical trend information about the University's & Authority's proportionate share of the net OPEB liability for its employees who participate in the PEBA plans. GASB Statement No. 75 was implemented in fiscal year 2018. Information related to previous years is not available; therefore, trend information will be accumulated going forward to display a ten-year presentation.

	The University	The Authority
As of June 30, 2017 Measurement Date		
<b>South Carolina Retiree Health Insurance Trust Fund (SCRHITF)</b>		
Proportion (percentage) of the collective net OPEB liability	3.208923 %	4.736447 %
Proportionate share (amount) of the collective net OPEB liability	\$ 434,643,365	\$ 641,543,988
Covered payroll	\$ 270,603,426	\$ 399,417,088
Proportionate share (amount) of the collective net OPEB liability as a percentage of its covered payroll	160.62 %	160.62 %
OPEB plan's fiduciary net position as a percentage of the total OPEB liability	7.60 %	7.60 %

**South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF)**

Proportion (percentage) of the collective net OPEB liability	2.248796 %	3.032425 %
Proportionate share (amount) of the collective net OPEB liability	\$ 40,770	\$ 54,977
Covered payroll	N/A	N/A
Proportionate share (amount) of the collective net OPEB liability as a percentage of its covered payroll	N/A	N/A
OPEB plan's fiduciary net position as a percentage of the total OPEB liability	95.29 %	95.29 %

As of June 30, 2018 Measurement Date

**South Carolina Retiree Health Insurance Trust Fund (SCRHITF)**

Proportion (percentage) of the collective net OPEB liability	3.213139 %	4.773711 %
Proportionate share (amount) of the collective net OPEB liability	\$ 455,320,591	\$ 676,462,772
Covered payroll	\$ 277,091,923	\$ 411,671,205
Proportionate share (amount) of the collective net OPEB liability as a percentage of its covered payroll	164.32 %	164.32 %
OPEB plan's fiduciary net position as a percentage of the total OPEB liability	7.91 %	7.91 %

**South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF)**

Proportion (percentage) of the collective net OPEB liability	2.253208 %	3.090212 %
Proportionate share (amount) of the collective net OPEB liability	\$ 68,976	\$ 94,598
Covered payroll	N/A	N/A
Proportionate share (amount) of the collective net OPEB liability as a percentage of its covered payroll	N/A	N/A
OPEB plan's fiduciary net position as a percentage of the total OPEB liability	92.20 %	92.20 %

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

As of June 30, 2019 Measurement Date

	The University	The Authority
<b>South Carolina Retiree Health Insurance Trust Fund (SCRHITF)</b>		
Proportion (percentage) of the collective net OPEB liability	3.280946 %	4.921728 %
Proportionate share (amount) of the collective net OPEB liability	\$ 496,129,055	\$ 744,240,309
Covered payroll	\$ 286,946,030	\$ 430,446,091
Proportionate share (amount) of the collective net OPEB liability as a percentage of its covered payroll	172.90 %	172.90 %
OPEB plan's fiduciary net position as a percentage of the total OPEB liability	8.44 %	8.44 %
<b>South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF)</b>		
Proportion (percentage) of the collective net OPEB liability	2.575980 %	3.150754 %
Proportionate share (amount) of the collective net OPEB liability	\$ 44,435	\$ 62,015
Covered payroll	N/A	N/A
Proportionate share (amount) of the collective net OPEB liability as a percentage of its covered payroll	N/A	N/A
OPEB plan's fiduciary net position as a percentage of the total OPEB liability	95.17 %	95.17 %

*See accompanying notes to required supplementary schedules and accompanying independent auditors' report.*

**Schedule of the University's & Authority's Contributions to PEBA  
(Unaudited)**

This schedule presents historical trend information about the University's & Authority's contributions for its employees who participate in the PEBA plan. GASB Statement No. 75 was implemented in fiscal year 2018. Information related to previous years is not available; therefore, trend information will be accumulated going forward to display a ten-year presentation.

The University's schedule of employer contributions for SCRHITF as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2017	\$14,423,163	\$14,423,163	\$0	\$270,603,426	5.33%
2018	\$14,894,545	\$14,894,545	\$0	\$277,091,923	5.50%
2019	\$17,309,811	\$17,309,811	\$0	\$286,946,030	6.05%
2020	\$17,095,175	\$17,095,175	\$0	\$294,215,427	5.81%

The University's schedule of employer contributions for SCLTDITF as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2017	\$162,781	\$162,781	\$0	N/A	N/A
2018	\$164,072	\$164,072	\$0	N/A	N/A
2019	\$166,371	\$166,371	\$0	N/A	N/A
2020	\$168,451	\$168,451	\$0	N/A	N/A

The Authority's schedule of employer contributions for SCRHITF as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2017	\$21,288,931	\$21,288,931	\$0	\$399,417,088	5.33%
2018	\$22,641,916	\$22,641,916	\$0	\$411,671,205	5.50%
2019	\$27,666,748	\$27,666,748	\$0	\$458,539,861	6.03%
2020	\$32,211,247	\$32,211,247	\$0	\$541,434,563	5.95%

The Authority's schedule of employer contributions for SCLTDITF as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2017	\$219,504	\$219,504	\$0	N/A	N/A
2018	\$225,020	\$225,020	\$0	N/A	N/A
2019	\$232,191	\$232,191	\$0	N/A	N/A
2020	\$325,036	\$325,036	\$0	N/A	N/A

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

**Notes to Required Supplementary Information  
(Unaudited)**

**SCRHITF**

**Methods and assumptions:**

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Investment Rate of Return	2.75%, net of OPEB plan investment expense, including inflation
Single Discount Rate	3.13% as of June 30, 2019
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality Assumptions	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rates	Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years.
Participation Assumptions	79% participation for retirees who are eligible for Funded Premiums 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
<b>Roll-forward Disclosure:</b>	The actuarial valuation was performed as of June 30, 2018. Update procedures were used to roll forward the total OPEB liability to June 30, 2019.

**Notes to Required Supplementary Information  
(Unaudited)**

**SCLTDITF**

**Methods and assumptions:**

Actuarial cost method:	Entry Age Normal
Inflation	2.25%
Investment Rate of Return	3.00%, net of plan investment expense, including inflation
Single Discount Rate	3.04% as of June 30, 2019
Salary, Termination Rates and Retirement Rates	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015.
Disability Incidence	The disability incidence rates used in the LTD valuation are based on the rates developed for the pension plans.
Disability Recovery	For participants in payment, 1987 CGDT Group Disability For active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years.
Offsets	40% are assumed to be eligible for Social Security benefits. Assumed percentage who will be eligible for a pension plan offset varies based on employee group.
Expenses	Third-party administrative expenses are included in the benefit projections.

**Other Information:**

Notes	The single discount rate changed from 3.91% as of June 30, 2018 to 3.04% as of June 30, 2019.
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**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Changes in UMA's Net OPEB Liability and Related Ratios (In Thousands)  
(Unaudited)**

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with current GASB standards, they should not be reported.

	Fiscal Year Ending June 30	Fiscal Year Ending June 30	Fiscal Year Ending June 30
	2020	2019	2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 17	\$ 31	\$ 22
Interest on total OPEB liability	256	284	288
Effect of economic/demographic (gains) or losses	(293)	—	273
Effect of assumption changes or inputs	(261)	—	617
Net prior year accrual	—	(43)	—
Benefit payments	(498)	(472)	(482)
Net change in total OPEB liability	(779)	(200)	718
Total OPEB liability, beginning	5,169	5,369	4,651
Total OPEB liability, ending (a)	<u>\$ 4,390</u>	<u>\$ 5,169</u>	<u>\$ 5,369</u>
<b>Fiduciary Net Position</b>			
Employer contributions	\$ —	\$ —	\$ 297
Net investment income	225	318	420
Net prior year accrual	—	(43)	—
Benefit payments	(498)	(472)	(348)
Administrative expenses	(28)	(27)	(28)
Net change in plan fiduciary position	(301)	(224)	341
Fiduciary net position, beginning	5,151	5,375	5,034
Fiduciary net position, ending (b)	<u>\$ 4,850</u>	<u>\$ 5,151</u>	<u>\$ 5,375</u>
Net OPEB liability (asset), ending = (a) - (b)	<u>\$ (460)</u>	<u>\$ 18</u>	<u>\$ (6)</u>
Fiduciary net position as a % of total OPEB liability	110.48 %	99.64 %	100.11 %
Covered payroll	\$ 1,602	\$ 2,765	\$ 2,498
Net OPEB liability (asset) as a % of covered payroll	(28.7)%	0.67 %	(0.21)%

See accompanying independent auditors' report.

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# **Statistical Section**

**(unaudited)**



## STATISTICAL SECTION (UNAUDITED)

This section of the comprehensive annual financial report for the Medical University of South Carolina (MUSC) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about its overall financial health.

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### **Revenue Capacity**

These schedules contain information to help assess some of the factors affecting the ability of MUSC to generate revenues.

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### **Financial Trends**

These schedules contain trend information to help understand how the financial performance and well-being of MUSC have changed over time.

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### **Debt Capacity**

These schedules present information to help assess the affordability of the current level of outstanding debt for MUSC and its ability to issue additional debt in the future.

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### **Demographic and Economic Information**

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## ACCREDITATION STATEMENT

The Medical University of South Carolina is fully accredited by the Southern Association of Colleges and Schools (SACS), which can be contacted at 1866 Southern Lane, Decatur, GA, 30033-4097, telephone (404) 679-4500. Accreditation allows MUSC to award bachelor degrees, master degrees, doctoral and professional degrees. Additionally, each college or program is accredited by numerous national, professional, and specialized accrediting bodies. Documents describing accreditation, approval, or licensing of programs are available for review in each college dean's office by appointment.



**SCHEDULE OF REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

Revenues	For the Year Ended June 30,									
	(amounts expressed in thousands \$)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>The University</b>										
Student tuition and fees (net of scholarship allowances)	\$ 99,828	\$ 97,798	\$ 95,937	\$ 95,581	\$ 93,907	\$ 89,555	\$ 86,674	\$ 82,352	\$ 76,850	\$ 69,197
Federal grants and contracts	184,650	167,075	156,169	146,053	138,868	132,669	133,549	142,467	146,790	154,409
State grants and contracts	11,926	10,244	8,784	9,673	9,343	8,896	6,788	14,596	5,920	4,761
Local grants and contracts	183	197	164	77	59	78	15	16	14	11
Nongovernmental grants and contracts	33,900	38,787	40,998	38,677	37,225	32,843	32,130	30,047	25,499	21,432
Sales and services provided to Medical University Hospital Authority	123,746	132,001	120,339	116,851	111,475	108,837	102,448	102,101	87,912	83,646
Sales and services of educational and other activities	77,873	111,839	108,206	80,102	66,663	69,632	57,779	61,325	62,046	66,506
Auxiliary enterprises	14,499	16,495	15,902	15,013	14,667	13,990	12,826	11,958	11,749	11,038
Other operating revenues	16,361	14,133	12,880	12,507	13,257	10,170	10,222	9,938	11,964	9,672
Operating revenues	562,967	588,567	559,379	514,534	485,464	466,670	442,431	454,800	428,744	420,672
State appropriations	141,546	105,796	99,725	104,603	91,859	108,173	92,865	82,325	79,017	81,659
Gifts and grants	25,355	27,657	21,505	19,777	18,546	18,518	18,109	13,886	13,183	27,449
Investment income (losses)	561	4,231	7,862	9,403	(3,403)	3,110	11,366	8,449	(536)	9,843
Other nonoperating revenues	11,005	5,270	—	—	—	—	—	—	5,989	1,806
Nonoperating revenues	178,466	142,953	129,092	133,784	107,002	129,801	122,340	104,660	97,653	120,757
<b>Total Revenues -- The University</b>	<b>\$ 741,433</b>	<b>\$ 731,520</b>	<b>\$ 688,471</b>	<b>\$ 648,318</b>	<b>\$ 592,466</b>	<b>\$ 596,471</b>	<b>\$ 564,771</b>	<b>\$ 559,460</b>	<b>\$ 526,397</b>	<b>\$ 541,429</b>
<b>University Medical Associates</b>										
Net clinical service revenue	\$ 470,250	\$ 464,822	\$ 418,094	\$ 382,885	\$ 362,672	\$ 343,764	\$ 323,760	\$ 312,252	\$ 302,262	\$ 308,747
Ambulatory care and primary care agreements	5,401	5,856	6,022	6,422	6,562	6,712	5,988	6,077	4,955	4,982
Other operating revenues	40,482	18,863	8,969	10,173	8,363	8,063	9,466	7,659	13,256	8,406
Operating revenues	516,133	489,541	433,085	399,480	377,597	358,539	339,214	325,988	320,473	322,135
Investment income (losses)	(16,178)	4,586	4,005	6,630	768	1,631	5,282	6,644	(131)	9,255
Other nonoperating revenues	5,436	3,952	4,023	4,600	5,055	3,192	3,141	3,458	3,776	3,921
Nonoperating revenues	(10,742)	8,537	8,028	11,230	5,823	4,823	8,423	10,102	3,645	13,176
<b>Total Revenues -- University Medical Associates</b>	<b>\$ 505,391</b>	<b>\$ 498,078</b>	<b>\$ 441,113</b>	<b>\$ 410,710</b>	<b>\$ 383,420</b>	<b>\$ 363,362</b>	<b>\$ 347,637</b>	<b>\$ 336,090</b>	<b>\$ 324,118</b>	<b>\$ 335,311</b>
<b>CHS Development Company</b>										
Interest income	\$ 420	\$ 485	\$ 530	\$ 603	\$ 744	\$ 911	\$ 1,057	\$ 1,299	\$ 1,578	\$ 1,757
Other operating revenues	—	—	—	12	34	33	33	32	33	33
Operating revenues	420	485	530	614	778	944	1,090	1,331	1,611	1,790
Other nonoperating revenues	—	—	—	—	—	—	—	—	—	—
Nonoperating revenues	—	—	—	—	—	—	—	—	—	—
<b>Total Revenues -- CHS Development Company</b>	<b>\$ 420</b>	<b>\$ 485</b>	<b>\$ 530</b>	<b>\$ 614</b>	<b>\$ 778</b>	<b>\$ 944</b>	<b>\$ 1,090</b>	<b>\$ 1,331</b>	<b>\$ 1,611</b>	<b>\$ 1,790</b>
<b>Interfund Capital Leases Elimination</b>	<b>\$ (381)</b>	<b>\$ (445)</b>	<b>\$ (506)</b>	<b>\$ (569)</b>	<b>\$ (714)</b>	<b>\$ (877)</b>	<b>\$ (1,028)</b>	<b>\$ (1,220)</b>	<b>\$ (1,421)</b>	<b>\$ (1,586)</b>
<b>Total Revenues -- Primary Government</b>	<b>\$ 1,246,863</b>	<b>\$ 1,229,638</b>	<b>\$ 1,129,608</b>	<b>\$ 1,059,073</b>	<b>\$ 975,950</b>	<b>\$ 959,900</b>	<b>\$ 912,470</b>	<b>\$ 895,661</b>	<b>\$ 850,705</b>	<b>\$ 876,944</b>

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

**SCHEDULE OF REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

		For the Year Ended June 30,									
		(percent of total revenues)									
Revenues		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
The University											
Student tuition and fees (net of scholarship allowances)		8.0 %	8.0 %	8.5 %	9.0 %	9.6 %	9.3 %	9.5 %	9.2 %	9.0 %	7.9 %
Federal grants and contracts		14.8 %	13.6 %	13.8 %	13.8 %	14.2 %	13.8 %	14.7 %	15.9 %	17.3 %	17.6 %
State grants and contracts		1.0 %	0.8 %	0.8 %	0.8 %	0.9 %	1.0 %	0.8 %	1.6 %	0.7 %	0.5 %
Nongovernmental grants and contracts		2.7 %	3.2 %	3.6 %	3.7 %	3.8 %	3.4 %	3.5 %	3.4 %	3.1 %	2.4 %
Sales and services provided to Medical University Hospital Authority		9.9 %	10.8 %	10.7 %	11.0 %	11.4 %	11.3 %	11.2 %	11.4 %	10.3 %	9.5 %
Sales and services of educational and other activities		6.2 %	9.1 %	9.6 %	7.6 %	6.8 %	7.3 %	6.3 %	6.8 %	7.3 %	7.6 %
Auxiliary enterprises		1.2 %	1.3 %	1.4 %	1.4 %	1.5 %	1.5 %	1.4 %	1.3 %	1.4 %	1.3 %
Other operating revenues		1.3 %	1.2 %	1.1 %	1.2 %	1.4 %	1.1 %	1.1 %	1.1 %	1.4 %	1.1 %
Operating revenues		45.1 %	48.0 %	49.5 %	48.5 %	49.6 %	48.7 %	48.5 %	50.7 %	50.5 %	47.9 %
State appropriations		11.4 %	8.6 %	8.8 %	9.9 %	9.4 %	11.3 %	10.2 %	9.2 %	9.3 %	9.3 %
Gifts and grants		2.0 %	2.3 %	1.9 %	1.9 %	1.9 %	1.9 %	2.0 %	1.6 %	1.5 %	3.2 %
Investment income (losses)		— %	0.3 %	0.7 %	0.9 %	(0.3)%	0.3 %	1.2 %	0.9 %	(0.1)%	1.1 %
Other nonoperating revenues		0.9 %	0.4 %	— %	—%	—%	—%	—%	—%	0.7 %	0.2 %
Non-operating revenues		14.3 %	11.7 %	11.4 %	12.7 %	11.0 %	13.5 %	13.4 %	11.7 %	11.4 %	13.8 %
Total Revenues -- The University		59.4 %	59.7 %	60.9 %	61.2 %	60.6 %	62.2 %	61.9 %	62.4 %	61.9 %	61.7 %
University Medical Associates											
Net clinical service revenue		37.7 %	38.0 %	37.0 %	36.2 %	37.2 %	35.8 %	35.5 %	34.9 %	35.5 %	35.2 %
Ambulatory care and primary care agreements		0.4 %	0.5 %	0.5 %	0.6 %	0.7 %	0.7 %	0.7 %	0.7 %	0.6 %	0.6 %
Other operating revenues		3.2 %	1.5 %	0.8 %	1.0 %	0.9 %	0.8 %	1.0 %	0.9 %	1.6 %	1.0 %
Operating revenues		41.4 %	40.0 %	38.3 %	37.8 %	38.8 %	37.3 %	37.2 %	36.5 %	37.7 %	36.8 %
Investment income (losses)		(1.3)%	0.4 %	0.4 %	0.6 %	0.1 %	0.2 %	0.6 %	0.7 %	—%	1.1 %
Other nonoperating revenues		0.4 %	0.3 %	0.4 %	0.4 %	0.5 %	0.3 %	0.3 %	0.4 %	0.4 %	0.4 %
Non-operating revenues		(0.9)%	0.7 %	0.7 %	1.0 %	0.6 %	0.5 %	0.9 %	1.1 %	0.4 %	1.5 %
Total Revenues -- University Medical Associates		40.5 %	40.7 %	39.1 %	38.8 %	39.4 %	37.8 %	38.1 %	37.6 %	38.1 %	38.3 %
CHS Development Company											
Interest income		— %	— %	— %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.2 %
Other operating revenues		— %	— %	— %	—%	—%	—%	—%	—%	—%	—%
Operating revenues		— %	— %	— %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.2 %
Other nonoperating revenues		— %	— %	— %	—%	—%	—%	—%	—%	—%	—%
Nonoperating revenues		— %	— %	— %	—%	—%	—%	—%	—%	—%	—%
Total Revenues -- CHS Development Company		— %	— %	— %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.2 %
Interfund Capital Leases Elimination		— %	— %	— %	(0.1)%	(0.1)%	(0.1)%	(0.1)%	(0.1)%	(0.2)%	(0.2)%
Total Revenues -- Primary Government		100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

**SCHEDULE OF EXPENSES BY USE  
LAST TEN FISCAL YEARS**

Expenses	For the Year Ended June 30, (amounts expressed in thousands \$)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>The University</b>										
Compensation and employee benefits	\$ 443,261	\$ 428,235	\$ 408,417	\$ 393,688	\$ 382,530	\$ 360,615	\$ 344,183	\$ 341,377	\$ 328,526	\$ 315,643
Pension Benefits	32,444	23,576	20,742	17,452	6,308	3,450	—	—	—	—
OPEB Expense	14,666	9,489	11,577	—	—	—	—	—	—	—
Services and supplies	321,309	299,555	267,138	243,347	212,435	210,265	191,427	201,935	198,467	203,730
Utilities	10,085	11,837	14,466	14,432	14,542	14,201	13,488	13,332	13,123	11,868
Scholarships and fellowships	13,684	11,393	10,279	10,868	11,282	12,102	13,517	10,880	9,653	9,252
Depreciation	37,276	37,386	38,762	38,468	40,453	40,325	39,610	41,088	40,318	34,687
Operating expenses	872,724	821,471	771,381	718,255	667,549	640,958	602,225	608,612	590,087	575,180
Refunds to grantors	—	—	—	—	—	—	—	—	—	319
Interest expense	6,724	5,890	6,226	6,890	7,036	7,007	7,586	8,071	7,934	9,070
(Gain) Loss on disposal of capital assets	(11,005)	(5,270)	236	280	(9,731)	(6,971)	7,125	1,087	1,490	748
Transfers to other state funds	504	434	502	323	415	520	462	182	121	185
Other nonoperating expenses	4	—	7,044	4,092	28,722	20,033	10,900	3,152	—	—
Nonoperating expenses	(3,773)	1,054	14,008	11,586	26,442	20,589	26,073	12,492	9,545	10,322
<b>Total Expenses -- The University</b>	<b>\$ 868,951</b>	<b>\$ 822,525</b>	<b>\$ 785,389</b>	<b>\$ 729,842</b>	<b>\$ 693,992</b>	<b>\$ 661,547</b>	<b>\$ 628,298</b>	<b>\$ 621,104</b>	<b>\$ 599,632</b>	<b>\$ 585,502</b>
<b>University Medical Associates</b>										
Compensation and employee benefits	\$ 303,231	\$ 277,654	\$ 240,792	\$ 236,351	\$ 221,236	\$ 202,105	\$ 191,561	\$ 193,633	\$ 184,872	\$ 178,441
Services and supplies	110,944	95,806	81,149	73,275	68,687	71,409	64,703	61,359	59,706	58,494
Utilities	1,194	939	1,014	830	923	621	588	588	526	547
Depreciation	5,416	5,205	5,606	6,857	6,804	6,271	5,562	5,540	3,097	3,065
Operating expenses	420,785	379,603	328,561	317,313	297,651	280,406	262,414	261,120	248,201	240,547
Gifts made	211	4,410	8,609	4,475	2,826	1,164	4,723	3,178	7,372	9,461
Interest expense	3,561	3,884	4,087	4,103	4,312	4,136	4,156	4,401	4,168	4,126
(Gain) Loss on disposal of capital assets	(82)	346	19	—	—	6	3	72	66	—
Nonoperating expenses	3,689	8,641	12,715	8,578	7,138	5,306	8,882	7,651	11,606	13,587
<b>Total Expenses -- University Medical Associates</b>	<b>\$ 424,474</b>	<b>\$ 388,244</b>	<b>\$ 341,276</b>	<b>\$ 325,891</b>	<b>\$ 304,789</b>	<b>\$ 285,712</b>	<b>\$ 271,296</b>	<b>\$ 268,771</b>	<b>\$ 259,807</b>	<b>\$ 254,134</b>
<b>CHS Development Company</b>										
Services and supplies	\$ 7	\$ 7	\$ 7	\$ 8	\$ 7	\$ 45	\$ 7	1	—	—
Interest expense	261	305	347	403	532	667	908	1,305	1,694	1,866
Amortization	156	156	156	156	156	156	156	237	281	281
Operating expenses	424	468	510	567	695	868	1,071	1,543	1,975	2,147
Nonoperating expenses	—	—	—	—	—	—	—	—	—	—
<b>Total Expenses -- CHS Development Company</b>	<b>\$ 424</b>	<b>\$ 468</b>	<b>\$ 510</b>	<b>\$ 567</b>	<b>\$ 695</b>	<b>\$ 868</b>	<b>\$ 1,071</b>	<b>\$ 1,543</b>	<b>\$ 1,975</b>	<b>\$ 2,147</b>
<b>Interfund Capital Leases Elimination</b>	<b>(381)</b>	<b>(445)</b>	<b>(506)</b>	<b>(569)</b>	<b>(714)</b>	<b>(877)</b>	<b>(1,028)</b>	<b>(1,220)</b>	<b>(1,421)</b>	<b>(1,586)</b>
<b>Total Expenses -- Primary Government</b>	<b>\$ 1,293,468</b>	<b>\$ 1,210,792</b>	<b>\$ 1,126,669</b>	<b>\$ 1,055,731</b>	<b>\$ 998,762</b>	<b>\$ 947,250</b>	<b>\$ 899,637</b>	<b>\$ 890,198</b>	<b>\$ 859,993</b>	<b>\$ 840,197</b>

Note: The University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for fiscal year 2014. Because the GASB 65 impact was relatively minimal, this schedule reflects comparative data for pre-2014 years as it was originally reported prior to the implementation of GASB 65.

The University implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, for fiscal year 2015 which now reflects current year amortization of pension expense. This will be presented for fiscal 2015 forward.

The University implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for fiscal year 2018 which now reflects current year amortization of OPEB expense. This will be presented for fiscal 2018 forward.

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

**SCHEDULE OF EXPENSES BY USE  
LAST TEN FISCAL YEARS**

	For the Year Ended June 30, (percent of total expenses)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses</b>										
<b>The University</b>										
Compensation and employee benefits	34.3 %	35.4 %	36.3 %	37.4 %	38.2 %	38.1 %	38.2 %	38.4 %	38.2 %	37.6 %
Pension benefits	2.5 %	1.9 %	1.8 %	1.7 %	0.6 %	0.4 %	—%	—%	—%	—%
OPEB Expense	1.1 %	0.8 %	1.0 %	— %	— %	— %	— %	— %	— %	— %
Services and supplies	24.8 %	24.8 %	23.7 %	23.1 %	21.3 %	22.2 %	21.3 %	22.7 %	23.1 %	24.2 %
Utilities	0.8 %	1.0 %	1.3 %	1.4 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.4 %
Scholarships and fellowships	1.1 %	0.9 %	0.9 %	1.0 %	1.1 %	1.3 %	1.5 %	1.2 %	1.1 %	1.1 %
Depreciation	2.9 %	3.1 %	3.4 %	3.6 %	4.1 %	4.3 %	4.4 %	4.6 %	4.7 %	4.1 %
Operating expenses	67.5 %	67.9 %	68.5 %	68.1 %	66.8 %	67.7 %	66.9 %	68.4 %	68.6 %	68.4 %
Refunds to grantors	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
Interest expense	0.5 %	0.5 %	0.6 %	0.7 %	0.7 %	0.7 %	0.8 %	0.9 %	0.8 %	1.1 %
(Gain) Loss on disposal of capital assets	(0.9)%	(0.4)%	—%	—%	(1.0)%	(0.7)%	0.8 %	0.1 %	0.3 %	0.2 %
Transfers to other state funds	— %	— %	—%	—%	—%	0.1 %	0.1 %	—%	—%	—%
Other nonoperating expenses	— %	— %	0.6 %	0.4 %	2.9 %	2.1 %	1.2 %	0.4 %	—%	—%
Nonoperating expenses	(0.4)%	0.1 %	1.2 %	1.1 %	2.6 %	2.2 %	2.9 %	1.4 %	1.1 %	1.3 %
<b>Total Expenses -- The University</b>	<b>67.1 %</b>	<b>68.0 %</b>	<b>69.7 %</b>	<b>69.2 %</b>	<b>69.4 %</b>	<b>69.9 %</b>	<b>69.8 %</b>	<b>69.8 %</b>	<b>69.7 %</b>	<b>69.7 %</b>
<b>University Medical Associates</b>										
Compensation and employee benefits	23.4 %	22.9 %	21.4 %	22.5 %	22.2 %	21.3 %	21.3 %	21.7 %	21.5 %	21.2 %
Services and supplies	8.6 %	7.9 %	7.2 %	6.9 %	6.9 %	7.5 %	7.2 %	6.9 %	6.9 %	7.0 %
Utilities	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Depreciation	0.4 %	0.4 %	0.5 %	0.6 %	0.7 %	0.7 %	0.6 %	0.6 %	0.4 %	0.4 %
Operating expenses	32.5 %	31.4 %	29.2 %	30.1 %	29.9 %	29.6 %	29.2 %	29.3 %	28.9 %	28.7 %
Gifts made	— %	0.4 %	0.8 %	0.4 %	0.3 %	0.1 %	0.5 %	0.4 %	0.9 %	1.1 %
Interest expense	0.3 %	0.3 %	0.4 %	0.4 %	0.4 %	0.4 %	0.5 %	0.5 %	0.5 %	0.5 %
(Gain) Loss on disposal of capital assets	— %	— %	—%	—%	—%	—%	—%	—%	—%	—%
Nonoperating expenses	0.3 %	0.7 %	1.1 %	0.8 %	0.7 %	0.5 %	1.0 %	0.9 %	1.4 %	1.6 %
<b>Total Expenses -- University Medical Associates</b>	<b>32.8 %</b>	<b>32.0 %</b>	<b>30.3 %</b>	<b>30.9 %</b>	<b>30.6 %</b>	<b>30.1 %</b>	<b>30.2 %</b>	<b>30.2 %</b>	<b>30.3 %</b>	<b>30.3 %</b>
<b>CHS Development Company</b>										
Services and supplies	— %	— %	—%	—%	—%	—%	—%	—%	—%	—%
Interest expense	— %	— %	—%	—%	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.2 %
Amortization	— %	— %	—%	—%	—%	—%	—%	—%	—%	—%
Operating expenses	— %	— %	—%	—%	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.2 %
Nonoperating expenses	— %	— %	—%	—%	—%	—%	—%	—%	—%	—%
<b>Total Expenses -- CHS Development Company</b>	<b>— %</b>	<b>— %</b>	<b>—%</b>	<b>—%</b>	<b>0.1 %</b>	<b>0.1 %</b>	<b>0.1 %</b>	<b>0.1 %</b>	<b>0.2 %</b>	<b>0.2 %</b>
<b>Interfund Capital Leases Elimination</b>	<b>— %</b>	<b>— %</b>	<b>—%</b>	<b>(0.1)%</b>	<b>(0.1)%</b>	<b>(0.1)%</b>	<b>(0.1)%</b>	<b>(0.1)%</b>	<b>(0.2)%</b>	<b>(0.2)%</b>
<b>Total Expenses -- Primary Government</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Note: The University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for fiscal year 2014. Because the GASB 65 impact was relatively minimal, this schedule reflects comparative data for pre-2014 years as it was originally reported prior to the implementation of GASB 65.

The University implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, for fiscal year 2015 which now reflects current year amortization of pension expense. This will be presented for fiscal 2015 forward.

The University implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for fiscal year 2018 which now reflects current year amortization of OPEB expense. This will be presented for fiscal 2018 forward.

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

**SCHEDULE OF EXPENSES BY FUNCTION – UNIVERSITY  
LAST TEN FISCAL YEARS**

**For the Year Ended June 30,**

*(amounts expressed in thousands \$)*

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Expenses by function:</b>										
Instruction	\$ 218,382	\$ 227,890	\$ 216,169	\$ 194,938	\$ 187,241	\$ 187,337	\$ 172,648	\$ 195,119	\$ 191,499	\$ 195,634
Research	207,216	226,970	212,074	197,501	184,596	171,551	170,663	178,477	169,997	169,227
Public service	116,693	95,043	87,581	81,917	78,658	75,818	73,866	45,580	45,137	45,523
Academic support	68,073	61,407	59,563	60,332	59,531	53,929	46,243	45,032	36,898	33,035
Student services	10,203	9,756	9,771	9,027	8,793	8,713	8,140	8,388	8,258	8,596
Institutional support	134,327	95,947	81,589	63,789	47,134	42,307	33,449	38,686	36,400	36,793
Operation and maintenance of plant	100,402	87,868	90,293	95,748	86,938	86,660	83,325	83,346	86,833	72,371
Scholarships and fellowships	4,627	3,790	2,736	3,797	3,602	3,948	3,673	3,321	3,068	3,385
Auxiliary enterprises	12,801	12,799	11,605	11,206	11,056	10,695	10,218	10,663	11,997	10,616
Refunds to grantors	—	—	—	—	—	—	—	—	—	319
Interest expense	6,724	5,890	6,226	6,890	7,036	7,007	7,586	8,071	7,934	9,070
(Gain) loss on disposal of capital assets	(11,005)	(5,270)	236	280	(9,731)	(6,971)	7,125	1,087	1,490	748
Transfers to other State funds	504	434	502	323	415	520	462	182	121	185
Other non-operating expenses	4	—	7,044	4,092	28,722	20,033	10,900	3,152	—	—
<b>Total expenses by function</b>	<b>\$ 868,952</b>	<b>\$ 822,525</b>	<b>\$ 785,389</b>	<b>\$ 729,840</b>	<b>\$ 693,991</b>	<b>\$ 661,547</b>	<b>\$ 628,298</b>	<b>\$ 621,104</b>	<b>\$ 599,632</b>	<b>\$ 585,502</b>

Note: The University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for fiscal year 2014. Because the GASB 65 impact was relatively minimal, this schedule reflects comparative data for pre-2014 years as it was originally reported prior to the implementation of GASB 65.

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

**SCHEDULE OF EXPENSES BY FUNCTION – UNIVERSITY  
LAST TEN FISCAL YEARS**

For the Year Ended June 30,

(percent of total expenses)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses:</b>										
Instruction	25.1 %	27.7 %	27.5 %	26.7 %	27.0 %	28.3 %	27.5 %	31.4 %	31.9 %	33.4 %
Research	23.8 %	27.6 %	27.0 %	27.1 %	26.6 %	25.9 %	27.2 %	28.7 %	28.4 %	28.9 %
Public services	13.4 %	11.6 %	11.2 %	11.3 %	11.3 %	11.5 %	11.7 %	7.4 %	7.5 %	7.8 %
Academic support	7.8 %	7.5 %	7.6 %	8.4 %	8.6 %	8.2 %	7.4 %	7.3 %	6.2 %	5.6 %
Student services	1.2 %	1.2 %	1.2 %	1.2 %	1.3 %	1.3 %	1.3 %	1.4 %	1.4 %	1.5 %
Institutional support	15.5 %	11.7 %	10.4 %	8.7 %	6.8 %	6.4 %	5.3 %	6.2 %	6.1 %	6.3 %
Operation and maintenance of plant	11.6 %	10.7 %	11.5 %	13.1 %	12.5 %	13.1 %	13.3 %	13.4 %	14.5 %	12.4 %
Scholarships and fellowships	0.5 %	0.5 %	0.3 %	0.5 %	0.5 %	0.6 %	0.6 %	0.5 %	0.5 %	0.6 %
Auxiliary enterprises	1.5 %	1.6 %	1.5 %	1.5 %	1.6 %	1.6 %	1.6 %	1.7 %	2.0 %	1.8 %
Refunds to grantors	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.1 %
Interest expense	0.8 %	0.7 %	0.8 %	0.9 %	1.0 %	1.1 %	1.2 %	1.3 %	1.3 %	1.5 %
(Gain) loss on disposal of capital assets	(1.3)%	(0.6)%	— %	— %	(1.4)%	(1.1)%	1.1 %	0.2 %	0.2 %	0.1 %
Transfers to other State funds	0.1 %	0.1 %	0.1 %	— %	0.1 %	0.1 %	0.1 %	— %	— %	— %
Other non-operating expenses	— %	— %	0.9 %	0.6 %	4.1 %	3.0 %	1.7 %	0.5 %	— %	— %
<b>Total expenses</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

Note: The University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for fiscal year 2014. Because the GASB 65 impact was relatively minimal, this schedule reflects comparative data for pre-2014 years as it was originally reported prior to the implementation of GASB 65.

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

**SCHEDULE OF NET POSITION  
LAST TEN FISCAL YEARS**

For the Year Ended June 30, (amounts expressed in thousands \$)										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>The University</b>										
Net investment in capital assets	\$ 273,746	\$ 290,961	\$ 318,787	\$ 335,944	\$ 350,909	\$ 365,045	\$ 376,357	\$ 388,791	\$ 397,994	\$ 399,743
Restricted - nonexpendable	92,884	91,997	91,315	90,977	90,352	87,960	85,025	79,072	76,514	66,754
Restricted - expendable	119,737	113,212	99,702	93,063	83,504	93,767	94,912	74,979	52,742	43,905
Unrestricted	(710,074)	(676,208)	(675,452)	(210,187)	(214,302)	(236,245)	75,769	75,867	71,901	71,796
Net position -- The University	(223,707)	(180,038)	(165,648)	309,797	310,463	310,527	632,063	618,709	599,151	582,198
<b>University Medical Associates</b>										
Net investment in capital assets	70,174	60,858	55,298	55,300	58,721	57,837	45,657	45,325	46,071	17,452
Restricted - expendable	—	—	—	—	—	—	—	—	—	—
Unrestricted	245,435	244,583	216,601	188,212	174,973	170,244	180,865	170,106	161,834	180,712
Net position -- University Medical Associates	315,609	305,441	271,899	243,512	233,695	228,081	226,522	215,431	207,905	198,164
<b>CHS Development Company</b>										
Restricted - expendable	1,182	1,202	1,208	1,220	1,272	1,242	1,229	1,277	2,359	2,070
Unrestricted	—	—	—	—	—	—	—	—	—	—
Net position -- CHS Development Company	1,182	1,202	1,208	1,220	1,272	1,242	1,229	1,277	2,359	2,070
Net position - Primary Government	<u>\$ 93,084</u>	<u>\$ 126,605</u>	<u>\$ 107,459</u>	<u>\$ 554,529</u>	<u>\$ 545,430</u>	<u>\$ 539,850</u>	<u>\$ 859,814</u>	<u>\$ 835,417</u>	<u>\$ 809,415</u>	<u>\$ 782,432</u>
<b>Total Primary Government</b>										
Net investment in capital assets	343,920	351,819	\$ 374,086	\$ 391,244	\$ 409,630	\$ 422,882	\$ 422,014	\$ 434,116	\$ 444,065	\$ 417,195
Restricted - nonexpendable	92,884	91,997	91,315	90,977	90,352	87,960	85,025	79,072	76,514	66,754
Restricted - expendable	120,919	114,414	100,909	94,283	84,776	95,009	96,141	76,256	55,101	45,975
Unrestricted	(464,639)	(431,625)	(458,851)	(21,975)	(39,329)	(66,001)	256,634	245,973	233,735	252,508
Net position - Primary Government	<u>\$ 93,084</u>	<u>\$ 126,605</u>	<u>\$ 107,459</u>	<u>\$ 554,529</u>	<u>\$ 545,430</u>	<u>\$ 539,850</u>	<u>\$ 859,814</u>	<u>\$ 835,417</u>	<u>\$ 809,415</u>	<u>\$ 782,432</u>

Note: The University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for fiscal year 2014. Because the GASB 65 impact was relatively minimal, this schedule reflects comparative data for pre-2014 years as it was originally reported prior to the implementation of GASB 65.

The University implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for fiscal year 2015. This schedule reflects comparative data pre-2015 as it was originally recorded prior to the implementation of GASB 68 as this information is not available for any fiscal year prior to 2015.

The University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for fiscal year 2018. This schedule reflects comparative data pre-2018 as it was originally recorded prior to the implementation of GASB 75 as this information is not available for any fiscal year prior to 2018.

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.



**SCHEDULE OF CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

For the Year Ended June 30,  
(amounts expressed in thousands \$)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>The University</b>										
Income (loss) before other revenues, expenses, gains or losses	\$ (138,523)	\$ (96,274)	\$ (96,917)	\$ (81,523)	\$ (101,526)	\$ (65,076)	\$ (63,527)	\$ (61,644)	\$ (73,235)	\$ (44,073)
State capital appropriations	12,000	3,500	—	1,532	25,665	1,095	4,623	13,280	21,160	23,638
Capital grants and gifts	250	1,385	818	3,599	335	421	2,583	4,710	5,362	24,402
Additions to permanent endowments	887	682	337	626	2,391	2,935	5,953	2,549	9,749	14,293
Interfund transfers	81,717	76,317	71,249	75,100	73,070	76,152	64,459	60,663	53,917	45,499
Changes in net position -- The University	(43,669)	(14,390)	(24,513)	(665)	(64)	15,527	14,091	19,558	16,953	63,759
<b>University Medical Associates</b>										
Income before other revenues, expenses, gains or losses	91,870	109,834	99,838	84,818	78,631	77,648	76,341	67,319	64,311	81,177
Interfund transfers	(81,702)	(76,292)	(71,218)	(75,001)	(73,018)	(76,089)	(64,759)	(59,793)	(54,570)	(46,160)
Special item - disposition of primary care practice	—	—	—	—	—	—	—	—	—	—
Changes in net position -- University Medical Associates	10,168	33,542	28,620	9,818	5,613	1,559	11,582	7,526	9,741	35,017
<b>CHS Development Company</b>										
Income (loss) before other revenues, expenses, gains or losses	(4)	17	20	46	83	76	19	(212)	(364)	(357)
Interfund transfers	(15)	(24)	(32)	(99)	(52)	(63)	300	(870)	653	661
Liquidation gain	—	—	—	—	—	—	—	—	—	—
Changes in net position -- CHS Development Company	(20)	(7)	(12)	(52)	31	13	319	(1,082)	289	304
<b>Primary Government</b>										
Total changes in net position	(33,520)	19,145	4,095	9,100	5,580	17,099	25,992	26,002	26,983	99,080
Net position beginning (as restated for FY 2017, 2015 & 2014)	126,604	107,459	103,364	545,534	539,850	522,751	833,822	809,415	782,432	683,352
Net position ending	<u>\$ 93,084</u>	<u>\$ 126,604</u>	<u>\$ 107,459</u>	<u>\$ 554,530</u>	<u>\$ 545,430</u>	<u>\$ 539,850</u>	<u>\$ 859,814</u>	<u>\$ 835,417</u>	<u>\$ 809,415</u>	<u>\$ 782,432</u>

Note: The University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for fiscal year 2014. While the net position at the beginning of fiscal year 2014 was adjusted for the GASB 65 impact, the above schedule reflects comparative data for pre-2014 years as it was originally reported prior to the implementation of GASB 65.

The University implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for fiscal year 2015. This schedule reflects comparative data pre-2015 as it was originally recorded prior to the implementation of GASB 68 as this information is not available for any fiscal year prior to 2015.

The University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for fiscal year 2018. This schedule reflects comparative data pre-2018 as it was originally recorded prior to the implementation of GASB 75 as this information is not available for any fiscal year prior to 2018.

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

**SCHEDULE OF RATIOS OF OUTSTANDING DEBT – PRIMARY GOVERNMENT  
LAST TEN FISCAL YEARS**

For the Year Ended June 30,										
(dollars expressed in thousands except for debt per capita)										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>The University</b>										
General obligation bonds payable	\$ 35,095	\$ 39,340	\$ 43,430	\$ 48,050	\$ 52,985	\$ 35,070	\$ 39,280	\$ 43,505	\$ 47,660	\$ 52,745
State bond anticipation notes	—	—	—	—	—	26,500	28,000	28,000	28,000	30,000
Revenue bonds	20,965	22,395	23,765	25,115	28,495	29,855	31,160	32,415	33,625	34,785
Energy note payable	30,882	30,000	—	—	—	—	—	3,215	6,043	7,882
Capital lease obligations	132	57	82	98	73	349	577	835	1,213	1,555
Premium on general obligation and revenue bonds	3,421	4,040	4,740	5,525	3,945	936	1,237	1,571	1,920	—
Due to component unit	39,838	40,742	41,578	42,352	43,069	43,732	44,346	44,914	45,440	45,927
Interfund payables	7,914	9,410	10,843	12,214	13,845	16,285	18,563	20,690	25,787	29,006
<b>Total debt -- The University</b>	<b>\$ 138,247</b>	<b>\$ 145,984</b>	<b>\$ 124,438</b>	<b>\$ 133,354</b>	<b>\$ 142,412</b>	<b>\$ 152,727</b>	<b>\$ 163,163</b>	<b>\$ 175,145</b>	<b>\$ 189,688</b>	<b>\$ 201,900</b>
<b>University Medical Associates</b>										
Variable rate debt	56,885	60,385	\$ 62,085	\$ 62,085	\$ 62,085	\$ 62,085	\$ 62,085	\$ 62,085	\$ 62,085	\$ 62,085
Notes payable	7,630	9,020	12,587	17,693	22,765	27,761	17,378	21,169	24,961	28,801
Capital lease obligations	732	297	687	291	673	—	—	—	—	—
<b>Total debt -- University Medical Associates</b>	<b>\$ 65,247</b>	<b>\$ 69,702</b>	<b>\$ 75,359</b>	<b>\$ 80,069</b>	<b>\$ 85,523</b>	<b>\$ 89,846</b>	<b>\$ 79,463</b>	<b>\$ 83,254</b>	<b>\$ 87,046</b>	<b>\$ 90,886</b>
<b>CHS Development Company</b>										
Revenue bonds payable	\$ —	\$ —	—	—	\$ 820	\$ 1,969	\$ 3,039	\$ 4,031	\$ 4,954	\$ 5,812
Notes payable	8,840	10,460	12,040	13,575	15,065	16,515	17,920	19,290	27,600	30,325
Premium on notes payable	—	—	—	—	—	—	—	—	61	67
<b>Total debt -- CHS Development Company</b>	<b>\$ 8,840</b>	<b>\$ 10,460</b>	<b>\$ 12,040</b>	<b>\$ 13,575</b>	<b>\$ 15,885</b>	<b>\$ 18,484</b>	<b>\$ 20,959</b>	<b>\$ 23,321</b>	<b>\$ 32,615</b>	<b>\$ 36,204</b>
<b>Interfund Capital Leases Elimination</b>	<b>\$ (7,914)</b>	<b>\$ (9,410)</b>	<b>\$ (10,843)</b>	<b>\$ (12,214)</b>	<b>\$ (13,845)</b>	<b>\$ (16,285)</b>	<b>\$ (18,563)</b>	<b>\$ (20,690)</b>	<b>\$ (25,787)</b>	<b>\$ (29,006)</b>
<b>Total debt -- Primary Government</b>	<b>\$ 204,420</b>	<b>\$ 216,736</b>	<b>\$ 200,993</b>	<b>\$ 214,784</b>	<b>\$ 229,975</b>	<b>\$ 244,772</b>	<b>\$ 245,022</b>	<b>\$ 261,030</b>	<b>\$ 283,562</b>	<b>\$ 299,984</b>
<b>Total debt as percentage of personal income</b>	0.09 %	0.10 %	0.10 %	0.12 %	0.12 %	0.13 %	0.14 %	0.16 %	0.18 %	0.20 %
<b>Total debt per capita</b>	<b>\$ 40</b>	<b>\$ 40</b>	<b>\$ 40</b>	<b>\$ 45</b>	<b>\$ 48</b>	<b>\$ 51</b>	<b>\$ 51</b>	<b>\$ 55</b>	<b>\$ 61</b>	<b>\$ 65</b>

Source: Medical University of South Carolina Comprehensive Annual Financial Reports

**SCHEDULE OF BOND COVERAGE – UNIVERSITY  
LAST TEN FISCAL YEARS**

(amounts expressed in thousands except for coverage ratio)

**State Institution Bonds (Note 1)**

<b>Year ending June 30,</b>	<b>Tuition</b>	<b>Total Revenue Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Coverage Ratio</b>
			<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2020	\$ 6,062	\$ 6,062	\$ 4,245	\$ 1,677	\$ 5,922	1.02
2019	6,580	6,580	4,090	1,881	5,971	1.10
2018	6,635	6,635	4,620	2,096	6,716	0.99
2017	7,463	7,463	4,935	2,433	7,368	1.01
2016	8,187	8,187	4,360	1,525	5,885	1.39
2015	8,466	8,466	4,210	1,698	5,908	1.43
2014	9,861	9,861	4,225	1,867	6,092	1.62
2013	6,924	6,924	4,155	1,988	6,143	1.13
2012	8,502	8,502	4,060	2,211	6,271	1.36
2011	10,656	10,656	3,505	1,568	5,073	2.10

Note 1: Bonds secured by tuition revenue.

Source: The Medical University of South Carolina Controller's Office.

**SCHEDULE OF RATIOS OF OUTSTANDING DEBT – UNIVERSITY  
LAST TEN FISCAL YEARS**

**For the Year Ended June 30,**

(dollars expressed in thousands except for outstanding debt per student)

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
General obligation bonds payable, net	\$ 35,095	\$ 39,340	\$ 43,430	\$ 48,050	\$ 52,985	\$ 35,070	\$ 39,280	\$ 43,505	\$ 47,660	\$ 52,745
State bond anticipation notes	—	—	—	—	—	26,500	28,000	28,000	28,000	30,000
Revenue bonds, net	20,965	22,395	23,765	25,115	28,495	29,855	31,160	32,415	33,625	34,785
Energy note payable	30,882	30,000	—	—	—	—	—	3,215	6,043	7,882
Premium on general obligation and revenue bonds	3,421	4,040	4,740	5,525	3,945	936	1,237	1,571	1,920	—
<b>Total outstanding debt</b>	<b>\$ 90,363</b>	<b>\$ 95,775</b>	<b>\$ 71,935</b>	<b>\$ 78,690</b>	<b>\$ 85,425</b>	<b>\$ 92,361</b>	<b>\$ 99,677</b>	<b>\$ 108,706</b>	<b>\$ 117,248</b>	<b>\$ 125,412</b>
<b>Full-time equivalent students</b>	<b>3,422</b>	<b>3,357</b>	<b>3,370</b>	<b>3,403</b>	<b>3,307</b>	<b>3,230</b>	<b>3,133</b>	<b>3,101</b>	<b>3,015</b>	<b>2,871</b>
<b>Outstanding debt per student</b>	<b>\$ 26,406</b>	<b>\$ 28,530</b>	<b>\$ 36,925</b>	<b>\$ 39,187</b>	<b>\$ 43,064</b>	<b>\$ 47,284</b>	<b>\$ 52,079</b>	<b>\$ 56,480</b>	<b>\$ 62,915</b>	<b>\$ 70,324</b>

Note: Outstanding debt per student was calculated using full-time equivalent student enrollment data for the fiscal year's Fall term.

Source: Medical University of South Carolina Comprehensive Annual Financial Reports and Office of Enrollment Services.

**SCHEDULE OF PLEDGED REVENUE COVERAGE – UMA  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Net Clinical</b>	<b>Less</b>	<b>Net</b>	<b>Variable Rate Securities and Notes Payable</b>			
<b>Ended June 30,</b>	<b>Service</b>	<b>Operating</b>	<b>Available</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
<b>Revenues</b>	<b>Expenses</b>	<b>Revenue</b>					
2020	\$ 470,249,956	\$ 412,179,603	\$ 58,070,353	\$ 4,890,000	\$ 1,989,962	\$ 6,879,962	8.44
2019	464,822,092	370,872,328	93,949,764	5,266,709	2,271,394	7,538,103	12.46
2018	418,093,723	319,341,693	98,752,030	5,106,500	2,480,297	7,586,797	13.02
2017	382,885,000	306,462,206	76,422,794	5,071,500	2,478,902	7,550,402	10.12
2016	362,672,184	287,100,762	75,571,422	4,996,500	2,696,225	7,692,725	9.82
2015	343,763,825	270,316,328	73,447,497	4,996,501	2,484,940	7,481,441	9.82
2014	323,759,830	254,028,360	69,731,470	3,791,500	2,615,843	6,407,343	10.88
2013	312,252,374	253,608,704	58,643,670	3,791,500	2,765,778	6,557,278	8.94
2012	302,262,422	243,650,380	58,612,042	3,791,500	2,897,984	6,689,484	8.76
2011	308,747,008	235,697,837	73,049,171	3,791,500	4,110,354	7,901,854	9.24

Note: Operating expenses are net of Ambulatory Care Clinical Education Agreement expenses which are fully reimbursed under the agreement.

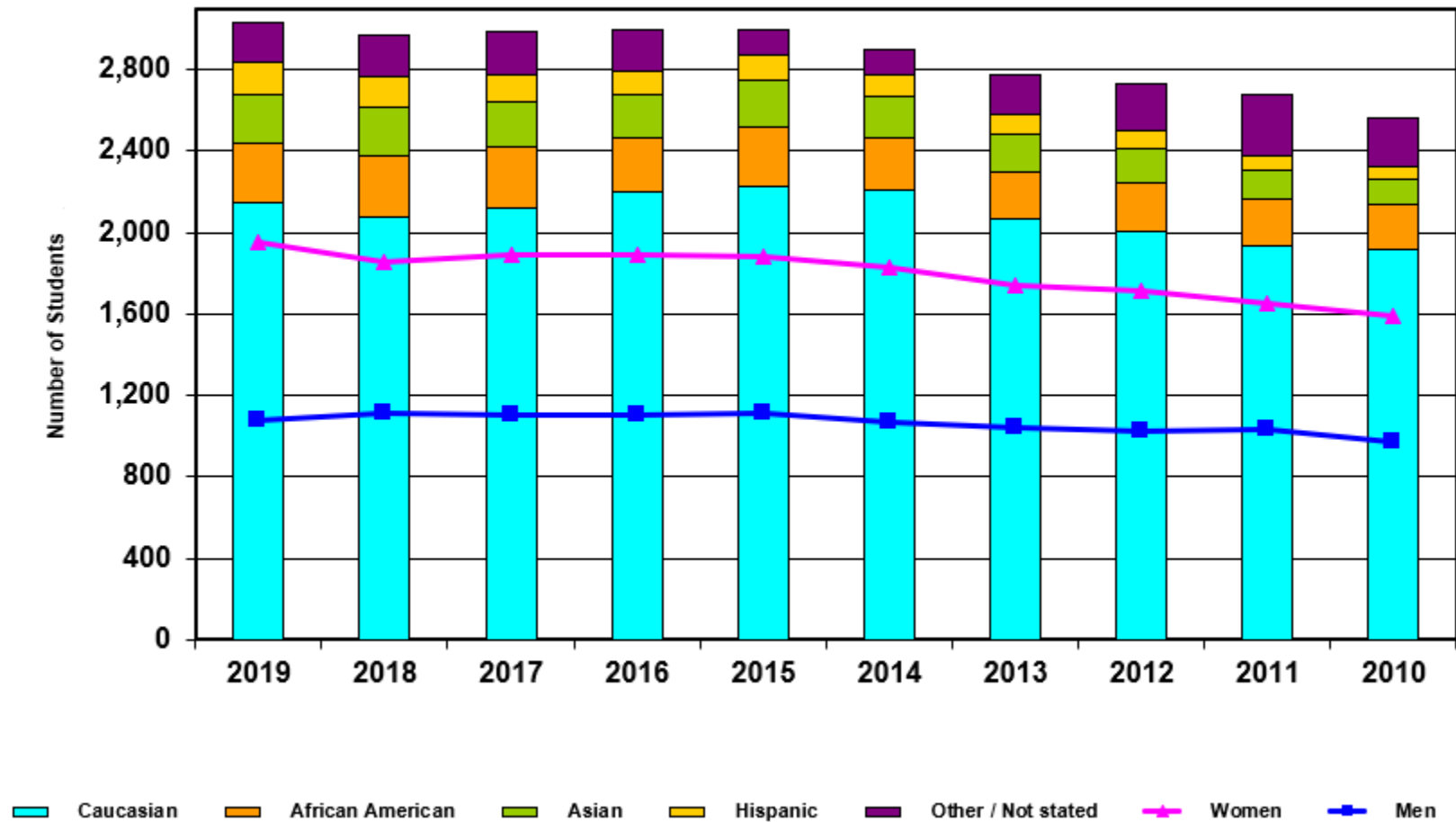
Source: University Medical Associates Comprehensive Annual Financial Reports.

**ENROLLMENT STATISTICS – UNIVERSITY  
LAST TEN ACADEMIC YEARS  
FALL ENROLLMENTS**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>ENROLLMENT</b>										
<b>LEVEL</b>										
Undergraduate	325	329	303	306	324	293	205	204	200	237
Graduate	1,285	1,278	1,330	1,340	1,319	1,267	1,243	1,233	1,211	1,051
First Professional	1,353	1,356	1,352	1,350	1,352	1,340	1,329	1,294	1,268	1,272
Certificates	8	2	4	—	—	—	—	—	—	—
Non Degree Seeking	58									
<b>STATUS</b>										
Full-Time	2,747	2,757	2,786	2,794	2,790	2,689	2,593	2,568	2,518	2,360
Part-Time	282	208	203	202	205	211	184	163	161	200
<b>ORIGIN</b>										
In State	2,089	2,022	2,073	2,092	2,113	2,075	1,988	1,954	1,987	1,939
Out of State	885	879	860	854	828	779	748	704	571	580
Foreign	55	64	56	50	54	46	41	73	121	41
<b>RACE/ETHNICITY</b>										
Caucasian	2,149	2,073	2,124	2,200	2,230	2,208	2,069	2,001	1,931	1,917
African American	293	306	298	267	286	254	232	245	231	221
Asian	239	238	217	211	233	207	185	166	141	122
Hispanic	159	144	135	115	118	103	93	87	76	66
Other / Not stated	189	204	215	203	128	128	198	232	300	234
<b>GENDER</b>										
Women	1,956	1,852	1,888	1,891	1,883	1,832	1,739	1,711	1,648	1,593
Men	1,073	1,113	1,101	1,105	1,112	1,068	1,038	1,020	1,031	967
<b>COLLEGES</b>										
Medicine	765	773	773	768	758	725	719	706	695	697
Pharmacy	309	315	322	321	321	323	322	318	316	320
Nursing	605	576	561	568	570	563	458	439	410	374
Graduate Studies	196	196	198	212	222	204	190	220	240	152
Dental Medicine	327	321	320	322	317	314	309	292	279	255
Health Professions	769	763	792	789	782	764	770	750	723	737
Non-Degree Seeking	58	21	23	16	25	7	9	6	16	25
<b>Total enrollment</b>	<b>3,029</b>	<b>2,965</b>	<b>2,989</b>	<b>2,996</b>	<b>2,995</b>	<b>2,900</b>	<b>2,777</b>	<b>2,731</b>	<b>2,679</b>	<b>2,560</b>

Source: Medical University of South Carolina Office of Enrollment Services.

## University Enrollment by Race/Ethnicity and Gender





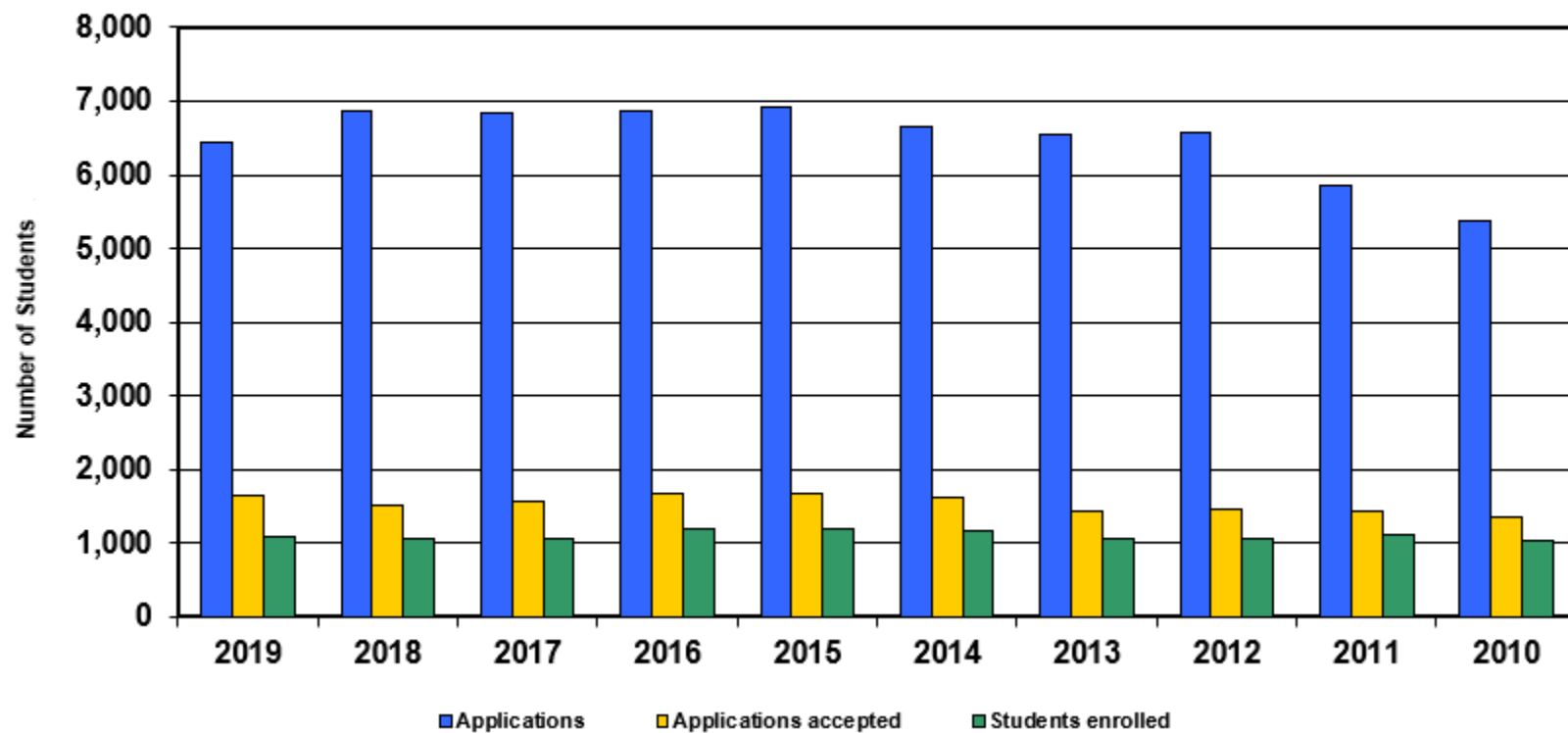
**ADMISSIONS AND DEGREE STATISTICS – UNIVERSITY  
LAST TEN ACADEMIC YEARS  
FALL ENROLLMENTS**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b><u>ADMISSIONS</u></b>										
Applications	6,451	6,854	6,843	6,865	6,911	6,659	6,558	6,580	5,844	5,379
Applications accepted	1,656	1,526	1,570	1,668	1,667	1,618	1,441	1,457	1,445	1,358
Percentage of applications accepted	25.7%	22.3%	22.9%	24.3%	24.1%	24.3%	22.0%	22.1%	24.7%	25.2%
Students enrolled	1,100	1,066	1,070	1,191	1,205	1,171	1,059	1,071	1,110	1,034
Enrolled as a percentage of accepted	66.4%	69.9%	68.2%	71.4%	72.3%	72.4%	73.5%	73.5%	76.8%	76.1%
<b><u>DEGREES GRANTED</u></b>										
Bachelor	218	227	204	221	210	125	135	118	146	173
Master	188	294	300	284	280	301	298	300	251	277
First Professional	311	310	326	320	320	320	296	268	293	267
Doctoral	257	190	205	179	164	173	154	159	106	85
Total	974	1,021	1,035	1,004	974	919	883	845	796	802

Note: As of 2006, admissions figures include all applicants to The South Carolina College of Pharmacy.

Source: Medical University of South Carolina Office of Enrollment Services.

## University Admissions



**ANNUAL TUITION BY COLLEGE – UNIVERSITY  
LAST TEN ACADEMIC YEARS**

**RESIDENT**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Undergraduate</b>										
Health Professions	\$ 23,208	\$ 23,208	\$ 22,752	\$ 22,752	\$ 22,752	\$ 22,371	\$ 21,717	\$ 21,501	\$ 21,051	\$ 20,250
Nursing	23,433	23,433	23,433	22,761	22,761	22,314	21,876	21,447	21,027	20,316
<b>Graduate</b>										
Dental Medicine	47,415	47,415	47,415	47,415	46,450	45,062	43,749	42,474	40,452	38,162
Graduate Studies	22,425	22,425	21,357	20,339	19,941	19,549	19,166	18,253	18,072	17,049
Health Professions	25,172	24,371	24,089	24,108	23,729	23,274	23,201	23,061	21,243	20,899
Medicine	35,422	38,896	33,988	33,388	33,388	33,388	33,388	33,388	33,388	31,204
Nursing	24,348	24,348	24,348	24,348	24,348	24,348	23,871	23,175	23,175	22,065
Pharmacy	25,104	25,104	26,045	25,290	24,554	23,863	23,120	22,446	21,794	20,757

**NON-RESIDENT**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Undergraduate</b>										
Health Professions	\$ 35,469	\$ 35,469	\$ 34,773	\$ 34,773	\$ 34,773	\$ 34,191	\$ 33,195	\$ 32,865	\$ 32,415	\$ 30,870
Nursing	35,010	35,010	33,990	33,000	33,000	33,000	33,000	36,450	35,736	33,399
<b>Graduate</b>										
Dental Medicine	83,290	83,290	83,290	83,290	81,625	79,142	76,837	74,598	71,045	67,023
Graduate Studies	29,843	29,843	29,843	29,371	29,257	28,684	28,122	26,782	26,517	25,017
Health Professions	35,467	35,676	33,979	33,195	33,021	32,395	33,644	32,985	29,513	27,622
Medicine	61,869	68,196	60,750	59,852	59,852	59,852	59,852	59,852	59,852	55,936
Nursing	29,520	29,520	28,659	28,659	28,659	28,659	28,659	28,659	28,659	36,543
Pharmacy	37,533	37,533	38,890	37,755	36,669	35,637	34,534	33,527	32,550	31,000

- Notes: 1) Except for Medicine, the tuition calculation includes three semesters (Fall, Spring, and Summer) and does not include web-based programs.  
2) Effective 2009, Medicine discontinued its summer semester. For comparative purposes, all prior years for Medicine have been restated to reflect two semesters (Fall and Spring).  
3) Health Professions tuition calculation reflects an average of the individual programs.  
4) Graduate Studies tuition calculation includes Ph.D. students only.  
5) Pharmacy 2000-2007 reflects MUSC College of Pharmacy; 2008-2009 reflects South Carolina College of Pharmacy.

Source: Medical University of South Carolina Student Accounting Department.

**OUTPATIENT VISITS BY SPECIALTY – UMA  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Specialty							Total
	Medicine	Family Medicine	Obstetrics/ Gynecology	Pediatrics	Ophthalmology	Surgery	All Others	
2020	281,451 21.09 %	32,974 2.47 %	82,803 6.21 %	145,495 10.91 %	49,833 3.74 %	57,729 4.33 %	684,508 51.25 %	1,334,793 100.00 %
2019	282,947 20.58 %	31,956 2.32 %	89,532 6.51 %	154,817 11.26 %	50,729 3.69 %	58,677 4.27 %	706,404 51.37 %	1,375,062 100.00 %
2018	253,684 19.41 %	32,008 2.45 %	83,517 6.39 %	150,867 11.55 %	49,829 3.81 %	54,688 4.19 %	682,077 52.20 %	1,306,670 100.00 %
2017	241,454 18.87 %	30,590 2.39 %	84,203 6.58 %	149,926 11.71 %	47,027 3.67 %	53,722 4.20 %	672,860 52.58 %	1,279,782 100.00 %
2016	198,858 15.40 %	26,252 2.03 %	78,924 6.11 %	117,072 9.07 %	42,295 3.28 %	42,582 3.30 %	785,398 60.82 %	1,291,381 100.00 %
2015	194,823 15.96 %	25,001 2.05 %	74,721 6.12 %	101,421 8.31 %	42,702 3.50 %	43,985 3.60 %	737,924 60.46 %	1,220,577 100.00 %
2014	367,597 33.02 %	47,628 4.28 %	90,729 8.15 %	131,759 11.83 %	39,276 3.53 %	75,724 6.80 %	360,655 32.39 %	1,113,368 100.00 %
2013	352,813 31.42 %	59,031 5.26 %	102,941 9.17 %	117,390 10.45 %	37,420 3.33 %	73,014 6.50 %	380,357 33.87 %	1,122,966 100.00 %
2012	369,079 32.01 %	57,454 4.98 %	108,943 9.45 %	105,986 9.19 %	42,624 3.70 %	72,351 6.27 %	396,644 34.40 %	1,153,081 100.00 %
2011	380,642 32.87 %	84,686 7.31 %	112,231 9.69 %	106,711 9.22 %	45,027 3.89 %	74,519 6.44 %	354,160 30.58 %	1,157,976 100.00 %

Source: University Medical Associates Medical Records System.

**SOURCES OF GROSS CLINICAL SERVICE CHARGES – UMA  
LAST TEN FISCAL YEARS**

<u>Source</u>	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Medicare	40 %	39 %	38 %	37 %	36 %	35 %	35 %	34 %	32 %	32 %
Medicaid	19 %	19 %	20 %	21 %	22 %	22 %	24 %	23 %	21 %	20 %
Blue Cross/Blue Shield	26 %	26 %	26 %	25 %	23 %	23 %	23 %	23 %	25 %	25 %
Commercial insurance	1 %	1 %	1 %	1 %	1 %	1 %	1 %	1 %	1 %	1 %
All other (including Managed Care)	14 %	15 %	15 %	16 %	18 %	19 %	17 %	19 %	21 %	22 %
Total	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

Source: University Medical Associates Medical Records System.

**EMPLOYEE STATISTICS – UNIVERSITY**  
**LAST TEN YEARS**  
(AS OF JANUARY 1)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Employees</b>										
Permanent Full-time and Part-time Employees										
Full-time classified	1,598	1,571	1,648	1,641	1,654	1,595	1,572	1,575	1,553	1,527
Part-time classified	28	59	43	44	40	42	39	37	49	49
Full-time unclassified	1,354	1,358	1,245	1,280	1,285	1,244	1,242	1,235	1,214	1,174
Part-time unclassified	343	329	325	311	310	297	295	266	262	250
Total	3,323	3,317	3,261	3,276	3,289	3,178	3,148	3,113	3,078	3,000
Other Categories										
Residents	805	821	770	825	726	713	716	694	664	642
Pre/post doctoral fellows	116	117	129	132	149	134	133	138	161	143
Temporary	1,259	1,253	1,211	1,330	1,249	1,173	1,150	1,083	1,092	1,117
Dual employment-other agencies	16	17	15	13	15	—	12	10	10	4
Total	2,196	2,208	2,125	2,300	2,139	2,020	2,011	1,925	1,927	1,906
<b>Total Employees</b>	<b>5,519</b>	<b>5,525</b>	<b>5,386</b>	<b>5,576</b>	<b>5,428</b>	<b>5,198</b>	<b>5,159</b>	<b>5,038</b>	<b>5,005</b>	<b>4,906</b>

Source: Medical University of South Carolina Office of Human Resources Management.

**EMPLOYEE STATISTICS – UMA  
LAST TEN FISCAL YEARS**

	Full-Time Equivalent Employees as of June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Departmental</b>										
Full-time	606	565	505	457	444	421	414	447	420	419
Part-time	16	15	17	49	44	38	35	33	13	17
Temporary	36	29	31	27	30	61	37	23	10	8
Total Departmental	658	609	553	533	518	520	486	503	443	444
<b>Corporate</b>										
Full-time	314	325	325	318	332	329	330	336	333	327
Part-time	1	1	1	5	3	7	8	9	1	1
Temporary	—	—	1	2	—	3	1	1	55	2
Total Corporate	315	326	327	325	335	339	339	346	389	330
<b>Ambulatory Care</b>										
Full-time	22	21	21	22	16	22	22	8	12	15
Part-time	—	1	—	—	—	—	—	—	—	—
Temporary	—	—	—	—	—	—	—	—	—	—
Total Ambulatory Care	22	22	21	22	16	22	22	8	12	15
Total Employees	995	957	901	880	869	881	847	857	844	789
Vacant Positions	105	111	134	108	183	167	180	130	177	95
<b>Total Authorized Positions</b>	<b>1,100</b>	<b>1,068</b>	<b>1,035</b>	<b>988</b>	<b>1,052</b>	<b>1,048</b>	<b>1,027</b>	<b>987</b>	<b>1,021</b>	<b>884</b>

Notes: Excludes physician members.

Source: University Medical Associates Human Resources.

**SCHEDULE OF CAPITAL ASSET INFORMATION – UNIVERSITY  
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Academic buildings										
Net assignable square feet (in thousands)	2,215	2,458	2,732	2,846	2,825	2,830	2,863	2,779	2,999	2,722
Administrative and support buildings										
Net assignable square feet (in thousands)	437	376	371	444	427	429	432	395	421	371
Laboratories										
Net assignable square feet (in thousands)	442	390	407	407	409	417	402	385	402	359
Athletic Facilities										
Fitness center	1	1	1	1	1	1	1	1	1	1
Gymnasium	1	1	1	1	1	1	1	1	1	1
Pool	1	1	1	1	1	1	1	1	1	1
Squash courts	2	2	2	2	2	2	2	2	2	2
Indoor racquetball court	3	3	4	4	4	4	4	4	4	4
Outdoor racquetball court	—	—	3	3	3	3	3	3	3	3
Tennis court	2	2	4	4	4	4	4	4	4	4
Basketball court	1	1	—	—	—	—	—	—	—	—
Pickleball court	4	4	—	—	—	—	—	—	—	—
Multipurpose Astro turf functional training court	1	1	—	—	—	—	—	—	—	—
Transportation:										
Buses	18	18	18	17	16	12	12	12	12	12
Mobile health units	1	1	1	1	1	5	5	5	5	5
Mobile Shredder- Freightliner Truck	1	1	1							
Other vehicles	76	73	63	62	69	75	57	82	79	73

Source: Medical University of South Carolina Planning office & Medical University of South Carolina Property Control office.



**DEMOGRAPHIC STATISTICS  
STATE OF SOUTH CAROLINA  
LAST TEN FISCAL YEARS**

	Population as of July 1 (a)	Total Personal Income (1) (b)	Per Capita Income	Average Annual Unemployment Rate (c)
2019	5,148,714	\$233,308	\$45,314	2.9%
2018	5,084,127	\$217,276	\$42,736	3.4%
2017	5,024,369	203,088	40,421	4.3%
2016	4,961,119	195,791	39,465	4.9%
2015	4,893,991	186,286	38,041	5.9%
2014	4,832,482	178,485	36,934	6.4%
2013	4,774,839	171,088	35,831	7.8%
2012	4,723,723	165,595	35,056	9.4%
2011	4,673,348	159,745	34,182	10.3%
2010	4,635,835	151,536	32,688	11.2%
2009	4,561,242	148,601	32,579	11.7%

Note (1): Amounts expressed in millions.

Source: (a) U. S. Census Bureau; (b) U. S. Department of Commerce, Bureau of Economic Analysis; (c) U. S. Department of Labor, Bureau of Labor Statistics

**TEN LARGEST EMPLOYERS  
STATE OF SOUTH CAROLINA  
LATEST COMPLETED CALENDAR YEAR AND NINE YEARS PRIOR**  
*(listed alphabetically)*

2019	2010
BMW Manufacturing Corporation	Bi-Lo, Inc.
Medical University of SC Hospital Authority	Blue Cross/Blue Shield of South Carolina
Michelin North America, Inc.	Greenville County School District
Prisma Health Midlands	Greenville Hospital System
School District of Greenville County	Michelin North America, Inc.
Spartanburg Regional Medical Center	Palmetto Health Alliance, Inc.
U. S. Department of Defense	U. S. Department of Defense
University of South Carolina	U. S. Postal Service
Upstate Affiliate Organization	University of South Carolina
Wal-Mart Associates, Inc.	Wal-Mart Associates, Inc.

Note: Due to confidentiality issues, the number of employees for each company is not available and the employers are listed alphabetically rather than in order of size.

Source: South Carolina Department of Employment & Workforce - 2019